

**Study
of
Maryland's
State
Use
Industries**

Final Report:
Part I
Executive Summary
Part II
Implementation Plan

51267

Submitted to:
Maryland Division of
Correction

April 1976

**Abt
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STUDY OF MARYLAND'S
STATE USE INDUSTRIES

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ACQUISITIONS

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Submitted to:

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April 1976

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PREFACE

In recent years, prison industries have encountered multiple problems in attempting to establish their position within state correctional systems. These problems largely reflect changing institutional populations, new demands on institutional facilities, increasing competition for available correctional funds, and continuing controversy regarding the goals of correctional treatment itself. Recognizing the large investments made to date in developing prison industrial programs, some federal agencies have undertaken major efforts to reassess the role of industries within the nation's correctional systems. Over time, the Bureau of Prisons has allocated substantial resources to the development of a viable federal industries system; both the Department of Labor and the Law Enforcement Assistance Administration have initiated projects to evaluate and re-organize industrial programs to meet contemporary correctional needs.

Consistent with this renewed national interest in the potential of prison industrial programs, the Division of Correction of the State of Maryland contracted with Abt Associates Inc. to perform the assessment of the current status and possible future role(s) of Maryland's State Use Industries. In order to carry out this complex assignment in the few months allotted, we were fortunate to receive the patience and cooperation of officials and staff at all levels within the Department of Public Safety and Correctional Services, the Division of Correction, and State Use Industries. Similarly, officials from the Office of Budget and Fiscal Planning and the Purchasing Bureau were very cooperative in supplying data and advice in support of the study.

Each of the four reports prepared under this contract was presented in draft form to the Division for review and criticism. A panel of senior Department and Division officials spent many hours reviewing and criticizing these drafts. Abt Associates would like to thank these individuals for their diligent efforts aimed at insuring the accuracy, relevance, and utility of this study.

The committee was composed of the following individuals:

Mr. W. Donald Pointer	-Deputy Secretary, Department of Public Safety and Correctional Services
Mr. Don O. Nave	-Assistant Secretary, Department of Public Safety and Correctional Services
Mr. A. Lawrence Lambert	-Chief, Program Planning and Evaluation
Mr. Mark A. Levine	-Commissioner, Division of Correction
Mr. Joseph D. Varese	-Assistant Commissioner, Division of Correction
Mr. Richard J. Pardo	-General Manager, State Use Industries

In addition to participation on the review committee, Mr. Pardo served as the principal liaison with the Abt Associates study team. Through his efforts we were able to access data and other background materials required to conduct the analysis. We thank him for his assistance and candor.

Abt Associates Inc.

April 1976

KEY TERMS AND ABBREVIATIONS

Commissioner	-refers to the chief executive officer of the Maryland Division of Correction
Division	-refers to the Maryland Division of Correction
MCC	-Maryland Correctional Camps, located at Jessup, Church Hill, Quantico, Hughesville, Baltimore, and Sykesville
MCI	-Maryland Correctional Institution, a medium security facility located in Hagerstown
MCTC	-Maryland Correctional Training Center, a medium security institution located in Hagerstown
MHC	-Maryland House of Corrections, a medium security institution located in Jessup
Pen	-Baltimore Penitentiary, the maximum security institution, located in Baltimore
RDCC	-Reception-Diagnostic and Classification Center
Rehabilitation	-In the SUI program context this term refers to the provision of skills training, educational services, work experience, and supportive services to eligible inmates
SUI	-State Use Industries; SUI is the official logo
Voc Ed	-vocational education and skills training

HIGHLIGHTS

- Consistent with its overall mandate the Division of Correction has decided to transform State Use Industries (SUI) into an inmate skills training and work experience program. The primary goals of this new program are inmate rehabilitation, revenue generation, and occupation of idle inmate time.
- The first phase of this new program will be implemented during the two-year period beginning in fiscal year 1977. Termed the "Core Program", this phase will involve the reorganization and linkage of existing skills training and industrial operations within the Division into a more effective and efficient goal oriented program. Preparation of the individual inmate for re-integration into the community and the competitive job market will be a central theme. New inmate screening, needs assessment, and program assignment procedures will be developed within the Division to support this new program.
- Under the Core Program the internal business and production operations of SUI will be revised and updated to conform to standard business practice. The support and assistance of several state agencies, especially Budget and Fiscal Planning and the Purchasing Bureau, will be required to achieve this objective. Advisory Boards composed of private industry representatives will be developed for each SUI shop or cluster of shops to provide advice and technical assistance to SUI management in making the required improvements.
- Emphasis is being placed on improvement of the quality of SUI products and services to better meet the requirements of consuming agencies and institutions. Inventories of standard products are being developed to insure timely deliveries. SUI will promote a program of product standardization within the State. The Purchasing Bureau and consuming agencies should support such a program as it is anticipated to have a positive impact on SUI revenues and the State budget.

- In order to enhance its revenue generation potential, SUI is seeking to expand its market base for its products and services. Marketing to associations such as the Maryland Classified Employees Association for the benefit of its membership, for example, would help achieve this objective. However, the legality of this proposition under the current SUI statute must be established; an official Attorney General's opinion on this matter is needed. Similarly, the issue of whether or not the marketing of SUI services (as opposed to products) is affected by the prohibitions of the current statute requires an official opinion by the Attorney General. These issues suggest that new enabling legislation might be required to aid and insure the economic growth and eventual self-sufficiency of the new SUI program.
- The second phase of the new SUI program encompasses the longer term (3-5 years) development of an expanded, innovative industries program. The involvement of private industry in the development, financing, and/or management of state use industries is a particularly interesting and attractive possibility. Detailed investigation and planning for this second phase will occur in parallel to the implementation of the Core Program. A survey of selected private industries, in cooperation with the Division of Business and Industrial Development of the Department of Economic and Community Development, to determine the degree of interest, is to be conducted in fiscal year 1977. It is not unlikely that enabling legislation will be required for such a private industry based program; this issue will also be considered as more detailed alternatives are developed.

1.0

INTRODUCTION

In early November 1975, the Division of Correction of the State of Maryland contracted with Abt Associates Inc. to perform an assessment of the current status and future role of Maryland's State-Use Prison Industries. Under this contract, Abt Associates, an independent consulting organization, delivered three reports to the Division:

- Goals and Objectives Report. To provide a framework for examining the role of State-Use Industries (SUI) within the Division, this report set forth the aims of both the Division and SUI as articulated by Headquarters and institutional personnel.
- Special Report. Based on the preceding goal statement and an analysis of SUI problems and progress, this report discussed many of the steps required to build a meaningful long-range role for the State-Use Industries within the Division.
- Alternatives Report. Building on the recommendations in the Special Report, this report set forth the options which appear to be available to the Division for the reorganization of SUI.

This final report is in two parts. The Executive Summary (Part I) briefly reviews how the study was conducted and summarizes the findings presented in each of the three reports. The Implementation Plan (Part II) describes how the alternative reorganization plan chosen by the Division and SUI can be put into operation. Part I begins with a review of the goals and objectives for State-Use Industries as reviewed by both the Division of Correction and SUI personnel.

PART I: EXECUTIVE SUMMARY

2.0 GOALS AND OBJECTIVES FOR STATE-USE INDUSTRIES

The study conducted by Abt Associates was commissioned by the Division of Correction to help it determine the future of SUI. Before 1967, prison industries had returned profits yearly to the state treasury and the fact that they did so while keeping inmates occupied was sufficient to justify their operation. In 1968 and subsequent years, however, prison industries lost money and began to acquire a reputation for inferior products and undependability. In 1970 a management audit of SUI (the Helmuth Audit) examined SUI operation and concluded that a major contribution to the inefficiency of State-Use Industries was the lack of an identifiable, system-wide objective for the program. Abt Associates began this study, therefore, with a review of the goals and objectives of both the Division of Correction and the State-Use Industries in order to help personnel agree on a mission for SUI.

2.1 Information Sources

To identify the goals and objectives of SUI within the Division documents were reviewed and Division and SUI staff and inmates were interviewed. The documents included the operative SUI state statute and a recent interpretation by the Attorney General of Maryland; financial audits of the SUI for the past two fiscal years; the five-year plan for corrections in the State; annual report of the Division of Correction for the past two years; two prior studies of SUI operations (Helmuth Audit and the Governor's Operational Economic Survey, GOES); the three-volume set of Regulations of the Division; current reports on community-based corrections and MAP; Executive Plan for Corrections, 1975; and, SUI records on inventories, sales, and product lines.

Because the SUI program comes under both the Division of Correction as a whole and operates under the jurisdiction of the warden at each institution, representatives of both the Division and institutions were surveyed. Persons interviewed were:

Division Headquarters: Deputy Secretary of Public Safety for
Correction
Commissioner of Correction
Director of Planning, Secretary's Office
Deputy Commissioner for Administration
General Manager of State-Use Industries
Director of Community Correction

Director of Classification
Superintendent of the Reception, Diagnostic,
and Classification Center
Director of Vocational Education

Institutions: Warden or Superintendent
Deputy Warden/Superintendent for Treatment
All SUI Shop Supervisors
Inmates

In addition, interviews were conducted with personnel of both the accounting and marketing staffs of the SUI, and with selected inmates. A total of 44 persons were interviewed.

2.2 The Operations, Goals and Objectives of the Division of Correction

In order to be able to help the Division reorganize State-Use Industries, the Abt study team first needed to describe the operations of the Division of Correction, of which SUI is but one component, -- at any one time its 12 shops currently employ only about 400 of the over 6,000 male inmates -- and to note the Division's goals and objectives. Then, the team compared SUI's goals and objectives to determine the degree to which they are compatible with the Division's overall mission. Only when these two sets of goals and objectives were clarified would the Abt staff be in a position to suggest future roles for SUI.

2.2.1 Operations

The Maryland Division of Correction currently provides custodial care for approximately 6,300 male adults in five different facilities*. One of the facilities also houses the Reception and Diagnostic Center (RDCC), which currently has custody of 680 men with another 420 who are waiting in various jail facilities to be transferred to the Center when space becomes available. The American Correctional Association's rated capacity for these five institutions is 4,604. The five facilities are defined according to three security levels: maximum, medium, and minimum. The facilities, along with their respective security levels (and operational definitions of the security levels) are as follows:

* The Correctional Institution for Women at Jessup which houses over 200 inmates, was not included in the scope of this study because it was felt by Division officials that sufficient data and findings on industrial programming in womens' institutions would be forthcoming from an LEAA funded study now being performed by ECON, Inc. Results are anticipated by June or July of 1976.

Type	Maximum	Medium	Minimum
Security Description	Constant supervision with restricted mobility; walls and guntowers	Free mobility with- in defined peri- meters; fences and guntowers	Free mobility with- in defined peri- meters; restricted mobility outside perimeters; fences
Institution	Maryland Penitentiary	Maryland House of Corrections at Jessup; MCI Hagerstown; MCTC Hagerstown	MCCC (Camps)

The Division of Correction is part of the Department of Public Safety and its chief administrative officer is the Deputy Secretary for Correctional Services. As displayed on the organization chart (Figure 1) on the following page, the Division has two major lines of authority and service delivery -- operations and administration -- which are directed by Assistant Commissioners.

As can be seen in Figure 2, after a finding of guilt, persons are remanded to the Division's Reception and Diagnostic Classification Center (RDCC) where they receive a preliminary classification and institutional assignment. After assignment to an institution inmates are not necessarily, or usually, expected to return to society after serving a sentence in only one of the five facilities. Instead, inmates are expected to move through the system from their point of entry until they are ultimately released from a lower security institution (preferably the minimum security camps). Figure 2 indicates the intended inmate flow through the system as currently constituted. This system implies that the different facilities, at least the different security designations, provide different kinds of services to the inmate and that his movement through the system is predicated on a determination of his ability (or need because of imminent release) to receive and benefit from services offered by the institution to which he is transferred.

The Divisional regulations defining the purpose of each of the five facilities bear out this "modular" approach:

Figure 1
Division of Correction Organizational Chart

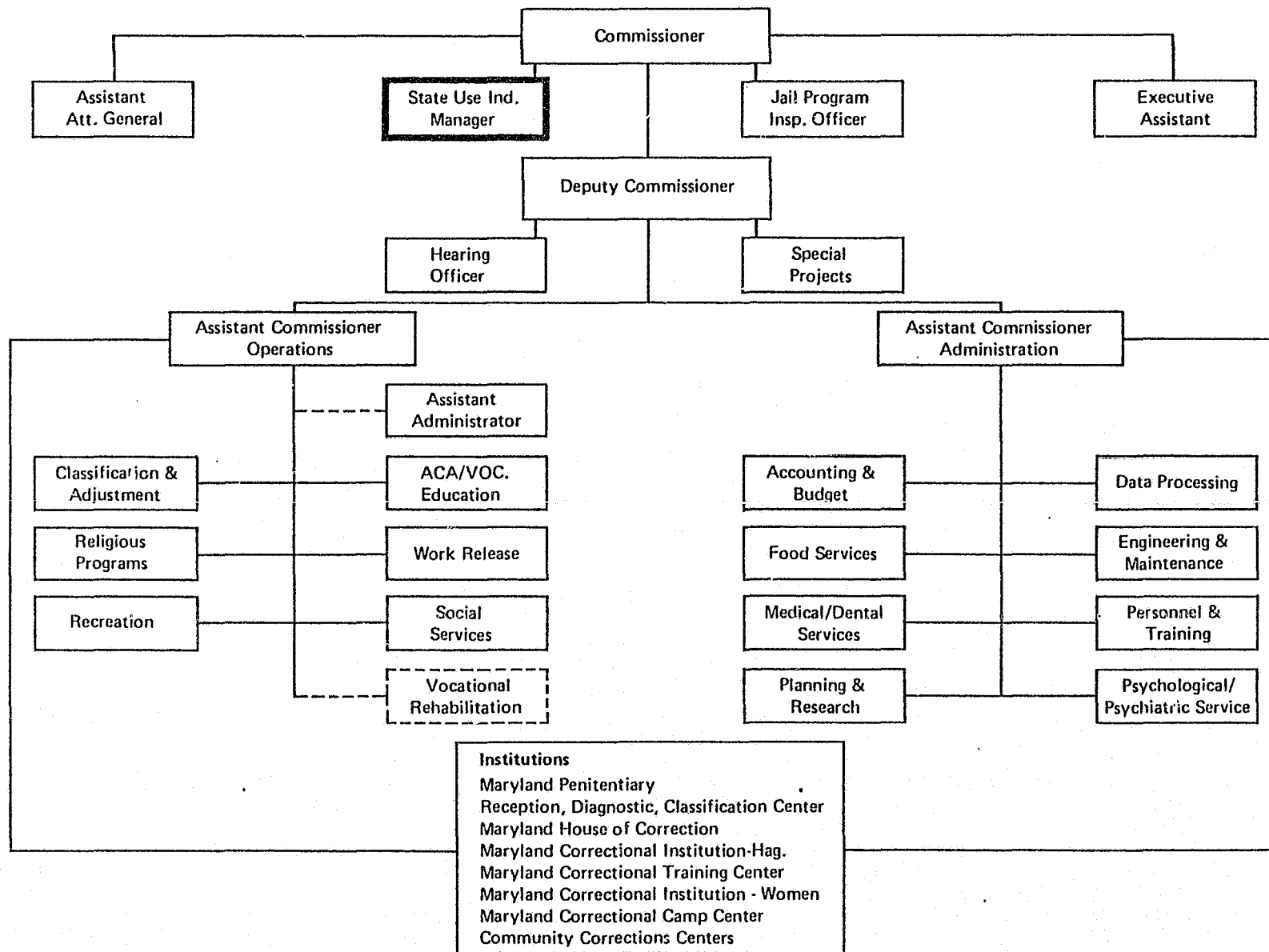
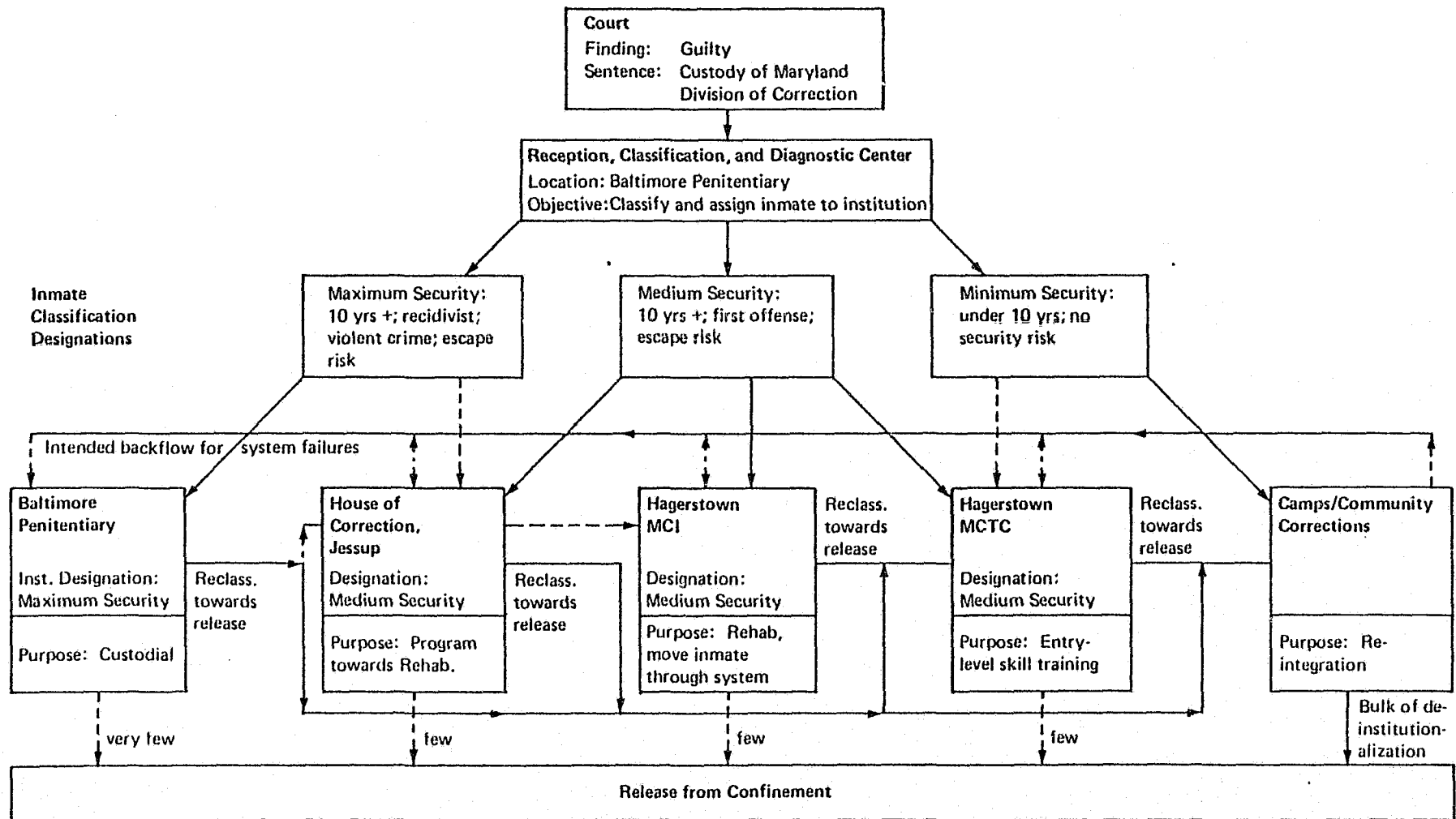


Figure 2
Intended Inmate Flow



- Maryland Penitentiary: to carry out the sentence and provide security, custody and correctional programs for the inmate as required.
- House of Correction: same as above, but also to provide services to assist in the re-integration of the inmate into the community.
- MCI Hagerstown: same as above.
- MCTC Hagerstown: to provide security and educational and training assistance as necessary and services to assist in re-integration to the community.
- MCCC (Camps): to provide security and work experience that will prepare the inmate for release into the community.

In sum, the maximum security institution is intended to provide only what its name implies; medium security, to begin to offer intervention techniques that are formulated with community re-integration in mind; only minimum security is actually intended to prepare the inmate for re-entry to society. Clearly, unless the inmate is initially assigned to MCCC, he is not expected to be released from his point of entry. In actual practice, however, inmates are released from higher security institutions, instead of flowing through the system, as Figure 2 shows.

The administrative mechanism that is intended to hold this system together is the classification system. As noted above, all inmates are initially remanded from the courts to the RDCC, and it is the intra-institutional classification teams that determine both inmate placement and transfer (the latter subject to the approval of the institutions' managing officers). The RDCC's mandate, according to divisional regulations (10-2), is to diagnose, evaluate and classify each offender and to assign and transfer the inmate to an institution that can best provide for the inmate's needs. Determinative criteria for decision-making include age, psychiatric make-up, education, employment skills, criminal background, length of sentence, and the nature of the committing offense.

The importance of the classification center in this scheme cannot be overstated. Despite the fact that parole eligibility accrues upon one-fourth completion of sentence, presumably the parole board will be more disposed toward parole if the inmate has received the proper re-integration/re-entry services. Obviously, then, the initial assignment bears greatly on this matter.

Of equal import are the intra-institutional classification teams. The teams are typically comprised of the classification supervisor, the inmate's own counselor, a correctional officer, a representative from institutional industry and the institutional psychologist. It is the team's charge periodically to review and update the inmate's base and progress files (if the inmate is eligible for parole the team must meet each 90 days) and make all recommendations for placement in various activities and transfer between activities and to other institutions. While these decisions are subject to the approval of the institution's managing officer, the team's approval is also necessary should he veto their initial recommendation in favor of an alternative decision.

2.2.2 Goals and Objectives

The 1975 Executive Plan for the Division of Correction articulates the agency's primary mission as being the protection of the citizens of Maryland from criminal offenders through the application of a system that provides for the secure confinement of dangerous offenders, and the successful re-integration of non-dangerous offenders. The Division's Regulation Manual, which establishes definitive rules and procedures with an intent to achieve uniformity in operations, states that the Division's objective is "to protect society and with available resources (emphasis added) return the maximum number of offenders to the community as useful citizens."

Rehabilitation and re-integration are consistently stated in the documents reviewed as being co-equal with the confinement objective. The actual relative priority of rehabilitation and re-integration versus confinement is difficult to assess, however. The 1969 GOES report indicated that an intradivisional debate existed at that time, but that the Division intended to commit a larger portion of funds to re-integration and rehabilitation. The 1975 Executive Plan echoes the same intent, but the proportion of the Divisions total budget allocated to re-integration and rehabilitation programs in 1975 (almost 15%) was not significantly different from that allocated in 1972.

The debate as to the relative priority of confinement, rehabilitation and re-integration reflects the fact that in theory, the Division operates as a system, moving inmates from the maximum security institution through the medium security institutions to the minimum security camps.

Thus, the relative importance of confinement should decrease as the inmate moves toward release, while rehabilitation and re-integration assume greater importance.

2.2.3 Impediment to Goal Achievement

The Division's capacity to meet its objectives, independent of their relative priority, is seriously threatened by the overcrowding of the institution, as reflected by the fact that 6,300 inmates are housed in facilities rated for a maximum of 4,604. The overcrowding has resulted from three factors: (1) projections made in earlier years as to the number of inmates the Division would have in custody were too low; (2) Diversionary Programs, established in 1974, have encountered substantial difficulties and have therefore not been able to alleviate the crisis to the extent originally anticipated; and (3) the Community Corrections program has similarly encountered opposition and delay, and it, too, was expected by this time to be lessening population burden. In light of this development, there is a considerable possibility that by 1977 the Division will have to erect both temporary and permanent facilities.

Overcrowding has, in fact, rendered inoperative the ideal system of inmate progress through reclassification to release. It is impossible to evaluate the division's commitment to this ideal system because the crisis is all-encumbering. "Featherbedding" (assigning more inmates to an industry or other activity than it requires) has become necessary to reduce inmate idleness -- a bane to both security and rehabilitation -- but it has also reduced available services to little more than custodial care. Furthermore, classification teams are forced to make intra-institutional placements largely on the basis of availability rather than inmate needs or desires. The end result is a system where inmates are placed in activities crippled by overload, that more often than not they neither requested nor desire. Operating under this constraint, the wardens uniformly articulated their current goals and objectives in a framework that seems very much like the divisional objectives for the Penitentiary: confinement and security are the main objectives. They went on to state that these objectives are best served by limiting the amount of idle time among inmates. While it is hoped that some benefit will result from the programs, the wardens perceive that if it does, it is largely a function of inmate initiative and incentive.

Although the managing officers have attributed the current dysfunction of the system entirely to the population crisis, the Abt study identified other factors that may be involved. The Maryland corrections system, as noted in section 2.2 above, is realizing a shift in emphasis. The primary objective is no longer the punishment of all offenders, but rather, as articulated in the Division's mission, the successful social re-integration of non-dangerous offenders. Simply stated, this shifting emphasis requires that where once correctional officials were only concerned with occupying the inmate's time during his confinement, there is now an obligation to occupy that time with programs designed to aid in the inmate's "self-actualization" so that he will ultimately re-enter society with more tools than when he left. Also, where once each institution could operate autonomously because it provided for all the needs of each inmate remanded to it for the duration of his sentence, there is now a need to function as only part of a larger system, providing a particular service to the inmate and moving him on to other facilities and other services. However, while the functions have changed, in most instances, the functionaries have not. Personnel whose correctional job experience and training (if any) are centered around security and confinement are now being asked to administer a system that in many ways expressly denies that approach.

How much of an impediment this problem has created is impossible to determine due to current circumstances. (No one can dispute that the population problem has reached crisis proportions.) But, when managing officers describe a system whose main objectives are confinement and security and that they are best served by systematically seeking to reduce idle inmate time, the reduction of which may tangentially involve the inmate helping himself to services that could benefit his social re-entry, it bears too close a resemblance to the penology of punishment to escape comment.

It is possible that the system, in responding to the crisis, has reverted to a mode of operations that it feels more comfortable with,

simply because it is operationally proven. It is equally possible that no real shift has occurred at all, but that the very real burden of having far too many inmates for the capabilities of the system, has camouflaged all other impediments.

However, the true situation most probably lies in between these two extremes. The Division, in committing itself to re-integrating non-dangerous offenders, has created new function areas to this end (program, re-integration and processing) and allotted 20% of its budget to these areas. In other words, it has begun to create the means to attain its new objectives. However, confinement still captures 71% of the budget, and the new programs continue to be administered by persons trained largely in confinement and security.

Therefore, while some programmatic opportunities aimed at rehabilitation/re-integration have been added to the system, the monetary commitment is not particularly impressive. Also, the staff lacks the training and/or experience necessary to take full advantage of what does exist. The key to the whole system is movement and institutional integration of services, yet it continues to be administered by personnel whose years of correctional service were marked by the sovereignty of the institution and not the Division.

2.2.4 Summary

The stated mission of the Division is to protect the citizens of Maryland from criminal offenders through the application of a system that provides for the secure confinement of dangerous offenders and the successful re-integration of non-dangerous offenders. Accomplishment of this mission is largely dependent upon the successful functioning of a system which in turn relies heavily upon the proper assignment and flow of inmates through the system (and within it) according to individualized rehabilitation and re-integration plans developed, at least in part, at the outset at RDCC. However, this process has been partly subverted by a population crisis and backlog which has introduced "available bed space" as a major determinant of an inmate's institutional assignment (and consequently flow through the system), often in lieu of programmatic planning based on needs assessment.

While there is no doubt as to the existence of, and attendant constraints related to this population crisis, it seems apparent that other factors relate to the Division's recent commitment to rehabilitative penology, as distinct from the punishment-oriented model which had existed for many years. Although re-integration now nominally shares equal footing with secure confinement in the Division's articulated mission, there is an enormous disparity in funds allocated to the two. Furthermore, there has been little change in personnel at the institutional level, the result being that in many cases staff trained and experienced only in custodial functions are now treatment personnel who are expected to operate the individual institutions as part of a larger scheme, although they are most familiar with institutional autonomy. As a result, the rehabilitative and re-integration programs that do exist are functioning tangentially and at less than maximum capability in a correctional system that otherwise appears very much like one committed to custody, security, and occupation of inmate time. It is in this context that SUI and related program linkages must be examined.

2.3 The Operations, Goals and Objectives of State-Use Industries

2.3.1 Operations

The legislative mandate for SUI is Article 27, Section 681 of the Annotated Code of Maryland. In sum, this enabling legislation mandates the use of inmate labor for the production of goods to be sold to the State, its subdivisions, public and quasi-public institutions, and any

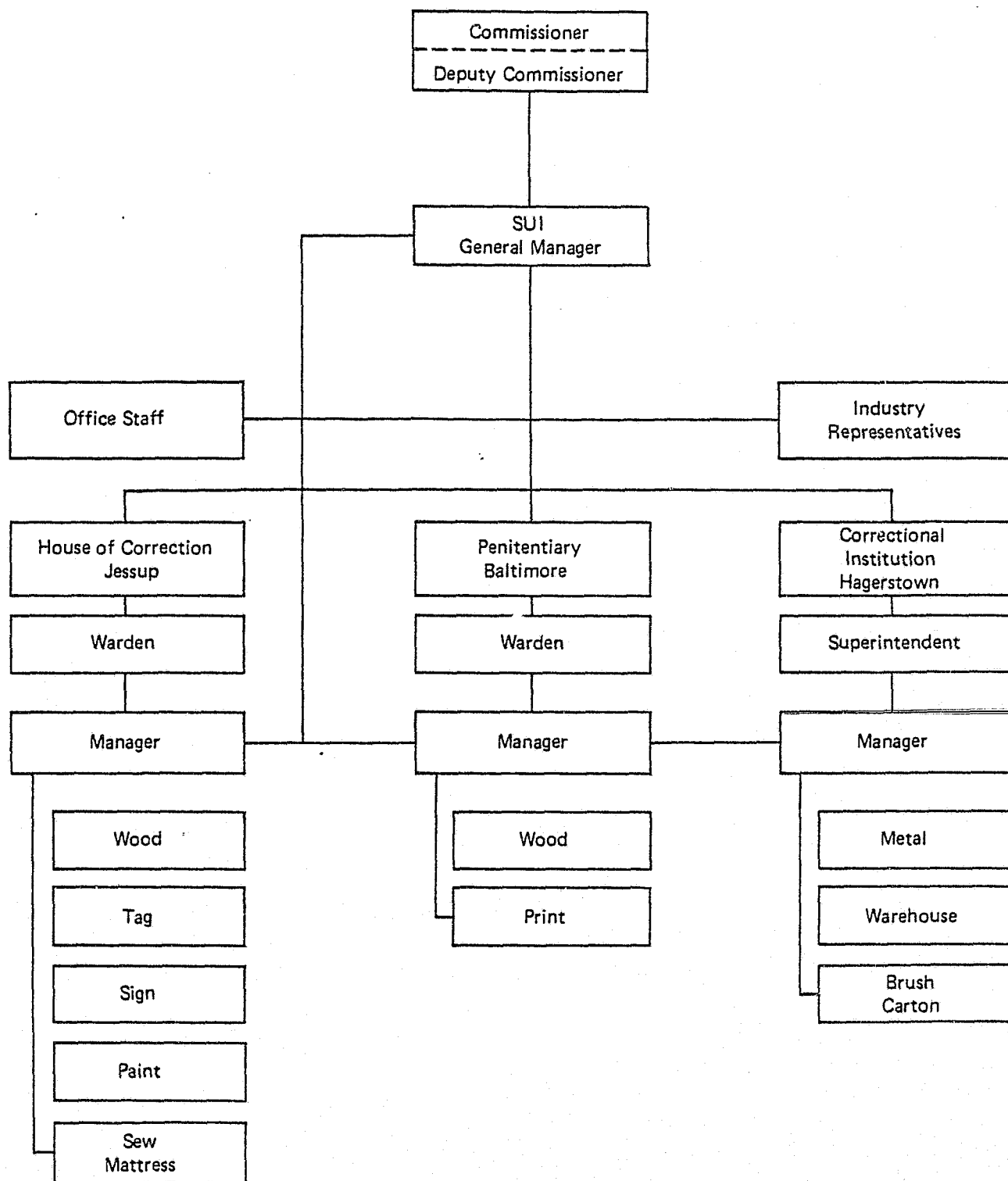
religious, charitable, civic, educational or fraternal organization for its own use. The law also prohibits the resale of such products and regulates the price range. (Prices may not exceed the wholesale market price for similar items.) SUI does not appear as a line item in the Department of Public Safety's yearly budget. Rather, the law provides for the establishment of a "revolving fund," not to exceed \$500,000, which is expected to be self-perpetuating based on revenues generated by production.

The current organizational structure of SUI is illustrated in Figure 3. As indicated there are currently ten industrial operations located at three of the five Division facilities: at the Baltimore Penitentiary, wood and print shops; at the Maryland House of Correction, wood, sign, tag, paint and sew shops (there is also a warehouse facility); and at Maryland Correctional Institution at Hagerstown, metal, upholstery, and brush and carton shops. Neither the Training Center nor the Camp System have SUI facilities available to their inmate population. In total, there are approximately 400 men currently assigned to the ten shops (and warehouse).

The SUI program is coordinated by the State-Use Industries General Manager. According to Divisional Regulation 150-2, the State-Use Industries General Manager is directly responsible to the Commissioner and his duties include the following:

- Planning, coordinating, and directing production in all established shops.
- Planning and coordinating the establishment or disestablishment of shops in the various institutions.
- Directing the marketing effort for the Industries' products.
- Planning for and providing the raw materials and equipment necessary to operate the shops.
- Establishing, publishing, and distributing a schedule for prices for the products produced.
- Planning, establishing, and controlling the accounting system in accordance with State requirements.
- Preparing a complete annual financial report for the Commissioner including figures on present and projected personnel and personnel compensation.

Figure 3
Organization of Maryland's State Use Industries



The General Manager is represented at the Penitentiary and at MHC by an Institutional Industries Manager, who is responsible to the General Manager in all matters relating to state use, and to the institution's managing officer in all other regards. Currently, "matters relating to State-Use" have been defined as relating to the topic areas listed above. Consequently, issues such as staffing, inmate assignment, and working hours are not within the purview of the General Manager or his institutional representative, but rather within the scope of the authority of the particular institution's warden or superintendent. Thus, the Industries manager (and, by implication, to some extent the General Manager) functions as a staff member of the managing officers at these institutions.

2.3.2 Goals and Objectives

The 1970 management audit of SUI (the Helmuth Audit) concluded that a major contributor to the inefficiency of State-Use Industries is the lack of an identifiable, system-wide objective. The 1975 Executive Plan, making reference to the Helmuth finding, indicated that in many ways, that remains the case today. The problem, however, is not so much in recognizing objectives as in prioritizing them. In the past, State-Use Industries operated as a major source of revenue for the correctional system. Concurrent with this was a correctional philosophy that focused on confinement as an overall system objective with little or no thought given to rehabilitation and re-integration programming. Therefore, in addition to making a profit, SUI also served to reduce idle time among inmates thus meeting the confinement objective.

The current Divisional Regulation (150-1) regarding SUI defines the role and objectives of State-Use Industries as the following:

- a. The State Use Industries is a segment of the Division of Corrections participating in a meaningful way in the total rehabilitation program of the inmate.
- b. Objectives of the State Use Industry program are to:
 - (1) Provide inmate with training in a skill that will improve his social adjustment and the capacity and desire to work with others.
 - (2) Reduce inmate idleness.
 - (3) Provide the inmate with incentives for diligence, quality work, and self-improvement.
 - (4) Provide economic goods that will benefit the State and community.

The Helmuth Report's final conclusion was that SUI could function as a rehabilitative program while at the same time provide a source for revenue. However, in recommending priorities, profit making, the report concluded, should be secondary. The primary objective of SUI should be rehabilitation (on-the-job vocational training). The 1974 Executive Plan indicates some divisional commitment to this priority.

To summarize, the three major objectives articulated by official documents and by Wardens, Deputies, and shop personnel are:

- skills training
- revenue generation; and,
- occupation of inmates' time.

2.4 The Relationship between the Division's Operations and SUI Goals and Objectives

Once it was established that the goals and objectives of the Division were confinement, rehabilitation and re-integration and that the goals and objectives of the State-Use Industries were skills training, revenue generation and occupation of inmates' time, Abt Associates staff looked at how the Division's operating procedures affect SUI's ability to achieve its goals and objectives. With regard to the SUI objective of inmate training, the findings were that:

- The inmate classification process does not identify inmates best suited for industry placement on the basis of age, length of sentence, employment history, education and motivation.
- The inmate transfer process is based more on the availability of slots at the receiving institution than on a matching of the inmate's skills, training needs, and attitude with the job requirements of the industry at the host institution.
- The Division's academic education and vocational training programs are not linked to the prison industries so as to prepare inmates adequately for SUI training.

The ineffective classification process leads to inmates being placed in slots for which they are unprepared or uninterested. This, in turn, leads to a rate of turnover (every six months, on an average) which is considerably faster than the training process needs for completion (about one year, assuming an on-the-job training program).

With regard to revenue generation, findings were that:

- Revenue generation is heavily dependent upon worker productivity, which in turn is a function of inmate ability and incentive. Since classification procedures do not result in the most able and motivated inmates being assigned to the appropriate industry slots, productivity, and therefore revenue, cannot be maximized under the current operating procedures.
- SUI accounts are forced to bear security and other non-SUI administrative costs, which are not true costs of doing business, since they would be incurred by the Division even if the industries ceased operating. Thus, it is possible that despite these constraints SUI has turned a small profit but it has been masked and ultimately absorbed in the cost of security.
- Raw materials for prison industries have in the past been obtained by the state purchasing officials at less than the most advantageous prices

With respect to occupation of inmates' time, the findings were that:

- The current overcrowding has placed top priority on occupying inmate time through featherbedding, a priority which shop personnel, who see themselves as employees of the institution and not of SUI, are willing to accept to the detriment of training and revenue generation.

2.5 The Relationship between SUI Operations and SUI Goals and Objectives

Having determined that the Division's operating procedures were hampering the prison industries from training inmates and producing revenue, the study team sought to find out whether the SUI operations themselves were rationally directed towards achieving its goals and objectives. Specifically, Abt Associates wanted to determine whether the model of industry organization and placement was effectively directed toward the objectives of inmate training, revenue generation and occupation of inmates' time.

With respect to inmate training, the findings were that:

- SUI industries are not located at either the facilities closest to inmate release (camps) or at the facility most equipped to provide educational and vocational training (the Maryland Correctional Training Center at Hagerstown). This means that, by the time industry graduates are released, they have either been off the job for some time or were placed in industries before they were moved to the institution which could remediate their basic skill deficiencies.

- Shop personnel are primarily corrections officers with inadequate management or training skills, and are protected state merit system employees.

With respect to revenue generation, the findings were that:

- Because the SUI experience is located some distance in time before an inmate's release, the incentive to productivity which training for re-entry should provide is considerably weakened and revenue generation is decreased.
- Because SUI industries are located in higher security institutions, both work shifts and security checks must be completed within the security guards' normal shift length. This means that the industries cannot operate a full eight-hour shift, which limits overall production capacity.

In the past, the negative image of SUI products and operations has resulted in attempts by State agencies and institutions to avoid buying SUI products; although this constitutes non-compliance with State procurement regulations, SUI management claims that many agencies have been successful in circumventing the regulations, using such devices as "emergency procurements" which contain delivery schedules which SUI simply cannot meet given its lack of inventories of finished goods.

For several years promotional literature for SUI products was either out-of-date or non-existent. This has been remediated by the development of an impressive new catalog, however. The marketing staff for all SUI products is composed of a full-time sales manager, two "inside" salesmen who process mail and phone orders, and two "outside" salesmen who spend 35-45% of their time "putting out fires" with dissatisfied and impatient customers. The balance of their time is spent calling on State agencies and other consuming institutions. But, the overall tone of the SUI sales effort is defensive, due largely to poor product image and historical operational problems.

The enabling legislation for SUI (Article 27, Section 680-681 of the Annotated Code of Maryland) prohibits sale of SUI products on the open market, presumably to avoid the economic consequences to private industry of publicly-subsidized competition. While it is at least arguable that this constraint does not affect the inherent ability of SUI to survive financially, especially given the fact that the law also defines an essentially captive market for SUI anyway, it may still unnecessarily constrain SUI from establishing linkages with private industry that are mutually beneficial.

Most non-inmate professional, skilled, and clerical personnel are state merit system employees with full benefits and job protection. The question of whether this type of employment arrangement is most conducive to the management flexibility requirements of a business and production operation like SUI is debatable. Under this system management is prohibited from using monetary incentive techniques to stimulate increased staff productivity when required. Replacement of unproductive or inappropriately trained staff is a complicated and time consuming process, and is not completely under the control of SUI management. SUI management conducted an analysis which shows that, compared to private industrial concerns which compete with SUI in its market, SUI personnel work 15% less days annually due to state holiday, personal leave, vacation, and sick leave policies. Under the current system this "downtime" is not compensated for in any way with resulting adverse impacts on SUI's revenue generation performance.

With respect to occupation of inmates' time, the findings were that the net loss of revenues in fiscal 1975 prorates to about \$430 per inmate per year (for those inmates working for SUI). This cost should be offset against what it would cost per inmate to establish another program to occupy inmates' time.

It should be noted at this point in the narrative that even while this study was being conducted SUI management was actively revising its operations to correct the problems just enumerated. In section 3.0 the steps which have been taken and are currently being taken by the General Manager of SUI and his staff are noted. The reader, then, should not have the impression that SUI was waiting for the results of this study before taking the initiative based on its own perceptions of and experience with the industries' problems.

2.6 Conclusions

State-Use Industries, like the entire Division of Correction, is currently undergoing a change in priorities. Consistent with the Division's recent commitment to social re-integration, and the attendant programmatic approach to corrections, SUI is being asked to become a treatment (i.e., training) component of this larger system. While vocational training is one of the three stated goals for SUI--revenue generation and

occupation of inmate time being the other two--it has historically occupied the bottom rung in terms of the organization's priorities. As a result of its elevation to the primary objective, decisions regarding staffing, classification input and industry location, all originally approached with a larger concern for revenue generation and time occupation, must be reevaluated, if SUI is to have a meaningful long-range role in the Division. Abt Associates therefore turned its attention to that question: Does the State-Use Industry have a role in the long-range operations of the Division of Correction, and, if so, what should that role be?

On the basis of an examination of the operations of the Division and of SUI as they affected the goals and objectives of both parties, the Abt Associates study team concluded that the current operations of State-Use Industries should not be terminated or reduced in scale. SUI does contribute to occupying inmate time, at a yearly cost of about \$430 per inmate, which is competitive with other inmate programs. SUI, while not currently operating at a profit, does provide the state with goods at below market value (so that SUI's deficit could be seen as a partial subsidy of its customers) and does provide inmates with wages which, in turn, support the prison commissaries. And, given the potential rehabilitative and re-integrative benefits which prison industry experience could provide inmates, it would be shortsighted to let SUI lapse without first attempting to determine if and how those potential benefits can be realized.

Implicit in this last justification is the notion that SUI can be operated in pursuit of revenue generation and training goals simultaneously. The Helmuth Audit prepared in 1970 recommended that SUI goal priority be weighted more heavily in favor of the training and rehabilitation objective:

"The Division of Correction should immediately develop and implement a plan that will direct SUI toward rehabilitation as its primary objective. The profit motive of SUI must be a secondary objective but yet basic to SUI's manner of operation. SUI must serve to rehabilitate inmates in the atmosphere of an efficient and successful business activity." (Emphasis added.)

This statement explicitly recommends the priority relationship between what Abt Associates also feels should be the two basic objectives of SUI. Implicit in the statement is the essence of SUI's intrinsic potential value to the Division. It presents the opportunity to simulate for the inmate on the "inside" the routines, expectations, pressures, rewards and responsibilities of life in the real, competitive, socially-acceptable "outside" world of work. Interviews conducted with wardens or superintendents and their deputies at each institution, with SUI managerial and shop supervisory staff, and with inmates suggest for the most part widespread support for this concept of SUI. While clearly concerned about security-related issues regarding SUI operations under present and potentially modified circumstances, wardens and superintendents indicated some degree of willingness to aid and assist in establishing SUI in this light. Their relatively positive attitude toward this proposition should be regarded as a key indicator of its feasibility: Since significant modifications in the traditional ways of doing things at the institutional level will be required, cooperation among institutions will be a critical link to the successful reorganization of SUI.

3.0 ACTIONS REQUIRED TO TRANSFORM SUI INTO AN INDUSTRIAL TRAINING PROGRAM

Having concluded that a realistic goal for SUI was to provide inmate training leading to rehabilitation and re-integration and to provide that training on at least a breakeven basis financially, it became clear that, regardless of any particular reorganization plan chosen for SUI, several issues need to be addressed before SUI can begin to realize its potential. Some of these issues have been recognized by SUI management and they have begun to address them. This section will itemize these issues (indicating what SUI management has done or is doing about them) and summarize the Abt recommendations.

Inmate Flows through the System. To maximize productivity, SUI needs the support of a system-wide rational inmate flow scheme based upon comprehensive needs and skills assessments and individualized rehabilitation planning which will identify those inmates best suited for and most likely to benefit from industry experience.

Linkages among Divisional Programs. The Division must link its educational and vocational programs with the screening assignment and review processes and with SUI so that inmates who have the potential for SUI experience receive whatever remedial education and vocational training they need to equip them for industry work before they are assigned to the industry's host institution.

SUI's Image within the Division. At present, assignment to an industry is not uniformly perceived as a step toward rehabilitation and earned release. Partially due to the assignment of long-termers to SUI, this image of SUI needs to be changed so that SUI is seen as a means for inmates nearing release to prepare themselves for re-entry. SUI management has recognized this issue and has set up the Division's first minimum security industry, an offset print shop located at 920 Greenmount Avenue in Baltimore and employing 15 inmates under the Mutual Agreement Program (MAP).^{*} By placing this industry at the "end of the line" SUI management

^{*}Mutual Agreement Program (MAP) -- a procedure whereby the inmate contracts with the Division of Correction and the Parole Board to participate in an individualized rehabilitation plan and establish a firm parole date contingent upon inmate's fulfilling the contract.

is attempting to demonstrate to both the Division and inmates that SUI can be a gateway to release. SUI has also negotiated a contract under which eight minimum security inmates are maintaining a state office building in Baltimore, in another effort to improve its image as a means of rehabilitation and re-integration.

The SUI Accumulated Deficit. If SUI sought to maximize revenue as its number-one priority, then its captive market and cheap labor could conceivably help it eventually offset its accumulated deficit of \$1.9 million. Given SUI's primary goal of inmate training, however, the state should consider "writing off" the deficit, or at least depreciating it by an amount equal to the difference between what state purchasers paid SUI and what they would have had to pay private industry for comparable goods during the deficit years. In order to prevent future deficits, the Division and SUI management will more carefully estimate projected sales and costs of production through the new cost accounting system introduced by the SUI General Manager.

Outmoded Shop Operations. Contributing to SUI's negative image and revenue losses have been outmoded, irrelevant or uncompetitive shop operations. SUI management has begun to weed out the unprofitable industries by closing the cannery at Hagerstown and, at Jessup, transforming the knit shop to a sign shop, replacing the sew shop with a furniture shop, and emphasizing production in the paint shop from highway paint (because of restrictive specifications set by the State of Maryland for a quick drying product) to a more competitive line of standard interior and exterior vinyls and oils. In addition to these change-overs, SUI management has endeavored to institute several measures intended to bring the overall SUI operation in line with standard good business practice. Following are highlights of some of the systems installed and improvements initiated to date:

- A list of standard stock items with a standard price list has been established for the first time by SUI management. In concert with this Standards Program is a new policy to no longer accept special orders for custom-designed articles. The base cost for each standard item has been established and revised market prices calculated.

- A perpetual inventory control system was established in June, 1975, to control the stock of raw materials and finished goods. Also, any materials purchase in excess of \$1,000 now requires sign off by the SUI General Manager. A control warehouse for finished goods has been established at 920 Greenmount Avenue in Baltimore.
- A weekly report on the status of work in production is now required of all shops; also, written work orders for standard products are now used to initiate and monitor production operations. With these systems in place, each shop can be held accountable for its production activities, costs can be better controlled, and SUI salesmen can now better predict when orders will be ready for delivery to their customers.
- By replacing outmoded and worn-out vehicles, SUI management has effected significant improvements in SUI's pick-up and delivery capacity. Also, a management intern has been assigned the task of reviewing all costs associated with SUI's eight vehicle pick-up and delivery services. Recommendations for increasing the efficiency of these services will be forthcoming in January, 1976. The SUI General Manager anticipates achievement of annual savings in excess of \$50,000.
- SUI management has filed an application with General Services requesting the authority to do its own purchasing of production materials and supplies. It is felt that this authority will help to insure timely delivery of materials to meet production schedules and allow SUI the flexibility to bargain for more favorable prices from suppliers, thus positively impacting production costs and perhaps lowering the selling price of SUI products. SUI management also argues that by doing its own purchasing directly from vendors it can better keep up with state-of-the-art advances which in turn generates new ideas for product improvement.

Inmate Productivity. Inmate productivity is low, due to improper classification and assignment, featherbedding, the short work day and lack of incentives for improved performance. SUI management has begun to increase inmate incentives, however. Beginning in June 1975 inmates in the Penitentiary furniture and letter-press shops received incentive payments beyond their base pay, based on attendance and quality and efficiency standards. The average productivity and therefore monthly earnings has doubled. And, in the offset printshop, the MAP Program is being used to build in productivity goals as part of an inmate's earning his way to release. With respect to lengthening the work day, the relocation of shops to minimum security facilities is being considered by SUI management to reduce lost shift time due to security checks.

Marketing and Sales of SUI Products. Marketing and sales of SUI products have been adversely affected by several factors in the past. However, some of these problems are now being addressed by SUI management.

- To address the need for more current promotional literature, a new catalog, complete with pictures, product specifications, and prices is being prepared; it should be ready for distribution by the end of April, 1976. Also, an SUI product showroom has been established at 920 Greenmount Avenue.
- SUI management has recognized its design and quality control problems and has made some attempts to correct them. However, until in-house engineering and design capabilities are further defined, many of these problems will persist.
- Actions taken to improve the timeliness of SUI deliveries are summarized under "Outmoded Shop Operations," above.
- To bolster its inventories of finished goods, SUI currently plans to move to a stock position for a number of metal, wood and paint products for which some sales history and market demand data exist. In certain cases, the production runs have already started.
- At one point in time SUI had very little if any product marketing capability. Under its new management, a sales department has been established and an experienced Sales Manager hired. To improve its personnel situation further, SUI should investigate the possibility of employing non-merit system employees, perhaps on a performance contract basis, to operate its product marketing and sales operation. In tandem with improved product quality and design, and ready availability from established inventories, an aggressive, incentive-minded sales force should improve sales significantly.
- The language of the enabling legislation (which prohibits sale of SUI products on the open market) specifically refers to "goods, wares, or merchandise . . . manufactured, produced, or mined wholly or in part by convicts or prisoners in the State of Maryland." A literal interpretation would lead one to conclude that services rendered by SUI operations are in fact legally marketable to private industry and other private consumers. Thus, SUI should investigate the possibility of further expansion of service sector capabilities in addition to its new janitorial services operation. In fact, SUI management has already begun to develop proposals for SUI training and service shops offering training in small equipment and appliance repair and garage services and maintenance. Assuming that the above interpretation of the legislative constraint is valid, SUI should be very competitive in the private marketplace.

SUI Staffing and Organization. Most non-inmate professionals, skilled, and clerical SUI personnel are state merit employees with full benefits and job protection. Under this system, some entry-level positions such as truck drivers and warehouse men are filled by correctional officers with little experience in industry operations and paid far more than their positions would warrant in private industry. Conversely, SUI shop foremen are currently paid 15-20% less at entry level than private industry wages, which limits SUI's ability to attract quality personnel. If SUI is to operate like private industry and at least break even, its management must have more flexibility in hiring, firing, setting wages and establishing staff incentives for increasing the efficiency and effectiveness of inmate training, production, marketing and administration.

Unconventional SUI Accounting Procedures. One final issue barring SUI from operating as productively as it could is the burden it carries in the form of unconventional accounting procedures. Where security costs are not peculiar to the industries' operations, they should not be charged against SUI revenues, since the inmates would have to be guarded during any other comparable activity. SUI is not allowed to maintain a depreciation reserve, as private industry often is. And, given that SUI is mandated to train inmates as well as produce revenue, the system of accounts should also record shop outputs in terms of the number of inmates trained and impacts in terms of ex-offenders placed in jobs. Finally, some recognition should be made of the savings to society in terms of reduced recidivism among and the tax payments made by SUI graduates after release.

Even if all the issues outlined above were to be satisfactorily addressed by the Division and SUI in the near term, the question would still remain as to how the state-Use Industries should be configured within the Division so as to best serve the goals and objectives of both parties. The development of alternative models for reorganizing SUI was the next step undertaken by Abt Associates. After some thought, however, it became clear to the study team that a distinction had to be drawn between what could and should be done in the short term (one to two years) to improve SUI training and production capacity and what might be undertaken in the longer (four to five years) to significantly expand and improve SUI through involvement with private industry. In the short-term, the study team and Division and SUI personnel agreed that the prison industries had to resolve the issues discussed above in Section 3. To this end, a Core Program Model was developed, and with it, a set of four design options.

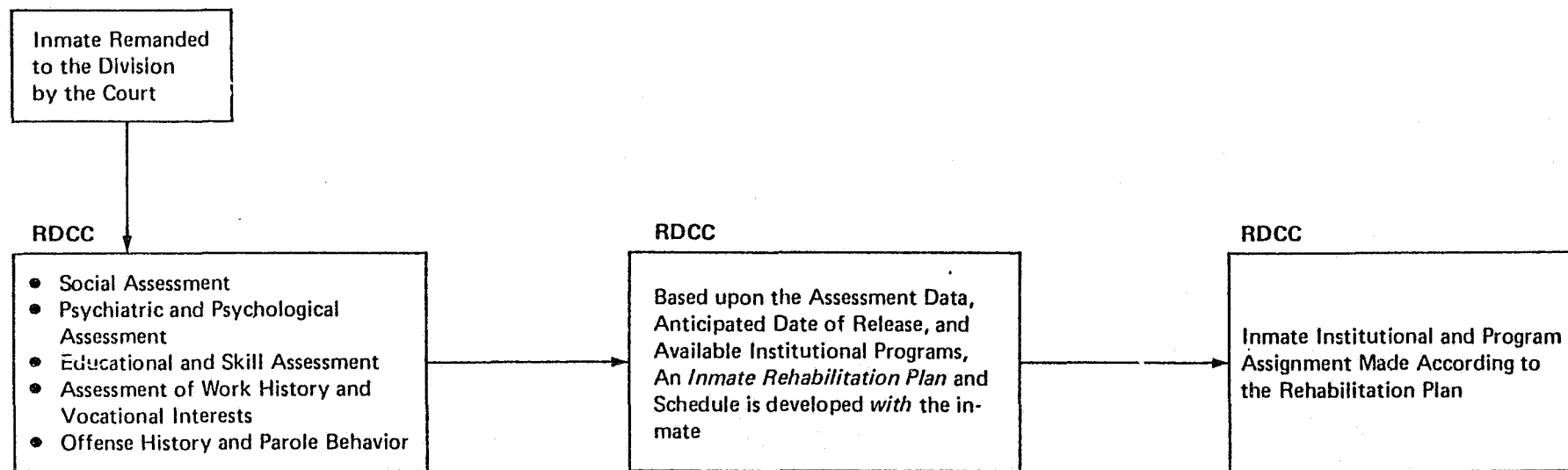
4.1

The Core Program Model

Before the Core Program Model and its design options are presented, however, it is important for the reader to know that the development of the Core Program Model assumed that pursuant to the recommendation made in the "Special Report" and reiterated in the Alternatives Report, a centralized inmate assessment and program planning system will be instituted by the Division and will operate as shown in Figure 4.

The key element is the development of an individual program plan, worked out with the inmate and based on inmate needs and problems, length of stay, and level of security risk. The plan requires the specification of schedule, delivery, and performance dates and criteria as means for measuring assignment and inmate performance. Explicit provisions for modification of the plan at the request of the inmate and/or of appropriate Division personnel should also be provided. As with any other plan, actual implementation may require acceleration, deceleration, or redirection, depending upon accomplishment and compliance factors. Particularly in the case of longer-termers, plan modifications and

Figure 4
Conceptual Model of Centralized Inmate Assessment and Assignment Process



Plan specifies:

- Sequence of Required Support Services
- Delivery Schedule for Support Services
- Sequence of Inmate Program Assignments
- Schedule of Inmate Program Assignments
- Performance criteria to be met by inmate in each program assignment
- Terms and conditions under which the plan can/will be modified

updates should be provided for (and even encouraged) as inmate performance data become available.

In effect, this classification scheme incorporates the basic principles of the MAP concept which attempts to clarify the rights, roles and responsibilities of all actors in the system, including the inmate. This system should be seen as an overall offender management tool that is not necessarily tied to the negotiation of fixed release dates. If the MAP program becomes institutionalized throughout the Division of Correction, it will obviously feed directly into the Division's overall program planning efforts. However, the experiences in implementing the MAP concept in other jurisdictions should serve as a caution to the Division that MAP--like any other program geared to provide inmates with specialized services--needs to be supported by an overall system for assessing inmate needs and scheduling and monitoring the delivery of services. Because MAP requires that participating institutions supply the program opportunities specified in a given agreement, the negotiation and execution of that agreement clearly demand accurate knowledge of both inmate and institutional capabilities.

In short, an overall program planning system would facilitate system-level planning because inmate flows through institutions and program assignments would be more predictable. Aggregated inmate rehabilitation plans, supported by an inmate tracking system with update capability, would provide the Division with a clear, accurate method of determining the status and progress of inmates in the system and identification of specific points of system overload and resource requirements in advance. Such a planning system can guide the Division through its current transitional stages to its desired goal of becoming an efficient, effective agent of inmate rehabilitation and social reintegration.

Once such a centralized classification system is in place the Core Program Model can be "assembled" at minimal cost by linking existing programs within the Division and SUI. The basic concept behind the model is that, once inmate flows through the system are rationalized on the basis of skills, needs, length of term and motivation, then a meaningful sequence of activities can be designated for each inmate, which may include personal counseling, basic education, vocational training, and

industry experience. In order to move the inmate smoothly and effectively from confinement through rehabilitation to reintegration and release, linkages among the existing Division programs must be established, based upon a mutually arrived at rehabilitation plan for the inmate.

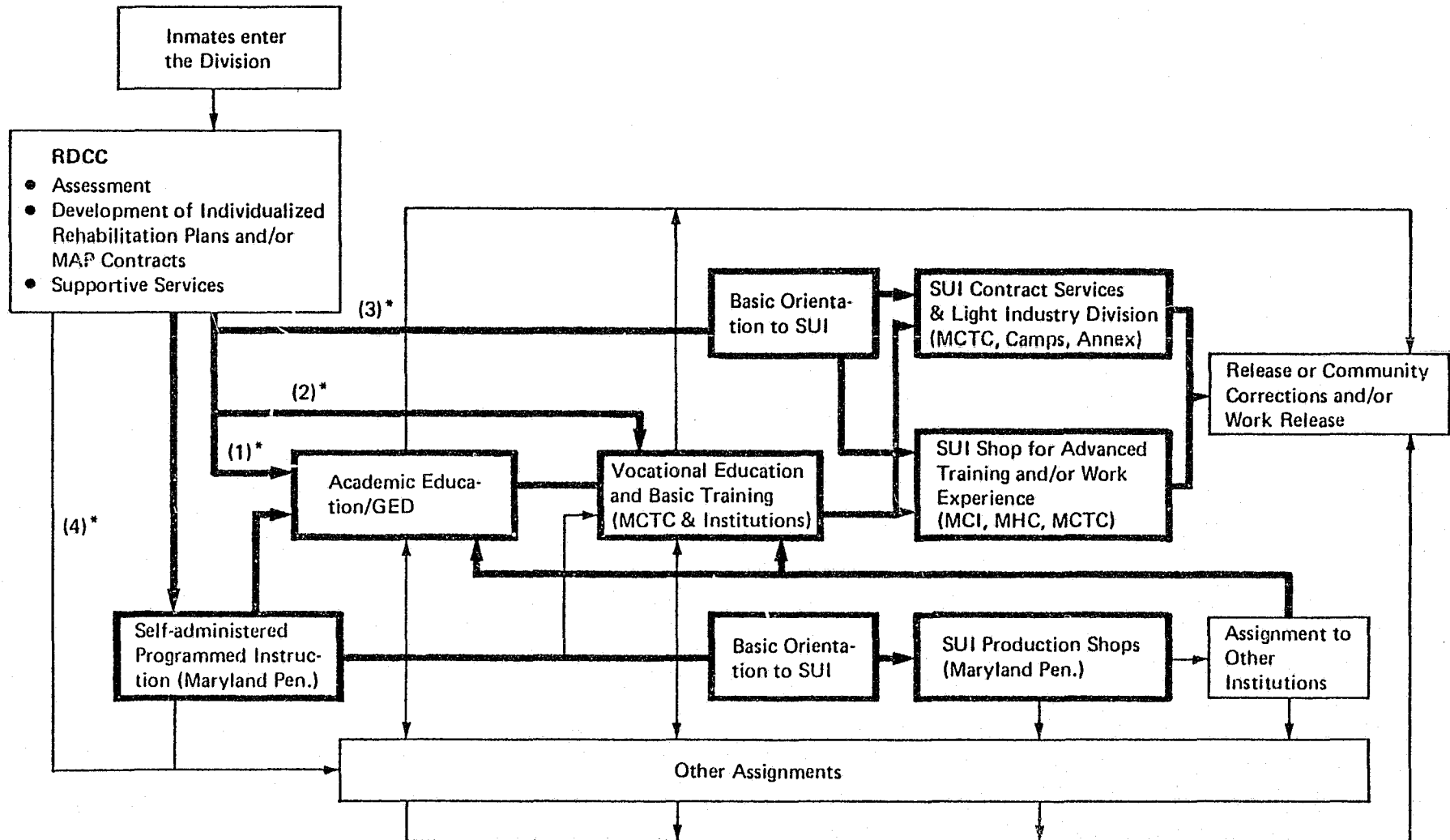
Figure 5 illustrates a conceptualized system of inmate flows through Division programs. The heavier outlined elements represent the program linkages and associated inmate flows which comprise the SUI core program. At the brain center of this core program is the Individualized Inmate Rehabilitation Plan and/or MAP contract developed with the inmate when he or she first enters the system of RDCC. This plan outlines the program steps and schedule that the inmate will follow through the system and specifies performance criteria and milestones (not shown in the figure) which must be achieved before advancement between steps is approved. In admittedly oversimplified form, Figure 5 depicts four initial program assignment options¹ for an inmate definitely or tentatively planned for ultimate assignment to SUI as follows: (Note that no inmate is assigned directly to an industry without at least some basic preparation.)

Initial Assignment Option (1): This route would be followed by an inmate destined for SUI but who first needed or wanted to complete his high school equivalency. In addition to basic academic courses, this program should offer a focus on verbal and/or computational skills that are prerequisites to successful completion of the next step in the inmate's plan, normally vocational education.

Initial Assignment Option (2): This route would be followed by an inmate destined for SUI but, although he has sufficient basic academic preparation, he lacks the basic skills training and orientation required for successful performance in the SUI workplace. Therefore, a requirement for advancement to SUI would be successful completion of a specific vocational education and training course or successful completion of general training in a skill cluster approach.

¹These initial assignment options should not be confused with the Core Program Model design options discussed in Section 4.2, below.

Figure 5
Conceptualized Inmate Flows through Division Agencies



* Initial Assignment Options

Initial Assignment Option (3): This route would normally be followed by an inmate who is expected to spend not more than 18 months in the Division and whose need and skill assessments indicate that he could benefit from and be productive in one of SUI's contract services (e.g., the maintenance contract) or light industry (e.g., the outside print-shop) operations. A basic orientation to SUI and to the specific job assignment would be conducted before the inmate actually enters to SUI operation.

Initial Assignment Option (4): This route would be reserved for maximum security inmates expected to be in the Maryland Penitentiary for a long stretch. The inmate would be given the opportunity to take correspondence courses and/or utilize largely self-administered programmed instructional materials to improve basic reading, mathematical, or vocational skills. Performance milestones would be built into the inmate's plan; successful completion of the programmed instruction packages would be a condition of further advancement through the system. However, it is not inconceivable that the self-instructional phase and assignment to an SUI production operation could proceed in parallel. Once an initial assignment is made, subsequent steps are guided by the inmate's Rehabilitation Plan and proceed according to the inmate's performance. As the inmate completes a given milestone he moves to the next step; occasionally the Plan will be modified because of unforeseen factors or because inmate performance suggests acceleration, deceleration, or redirection of his plan. Such decisions should be made in conference with classification officials, program instructors, SUI vocational counselors,¹ SUI shop officials (if the inmate has progressed to this stage), and, of course, the inmate.

Since it is anticipated that the majority of inmate participants will be slotted for initial assignment options 1 and 2, the programmatic linkages among academic education, vocational training and SUI components are critical to the success of this Core Program Model. The sequencing of these program linkages is based upon a stepwise progression model.

¹These positions do not currently exist but rather are proposed under the Core Program.

First of all, SUI must be viewed by inmates and supervisory and training personnel as any other conventional employment situation. Certain standards of productivity and work habits are expected of each employee or he is eventually terminated after fair warning. To prepare the inmate employee to qualify for and survive in an SUI job, vocational training in specific skills (or in a skill cluster) will most often be required. Therefore before he can successfully compete for an SUI job, the inmate will have to successfully complete a program of training geared specifically or generally to the requirements of the SUI job.¹ This skill training will normally be provided by one of the vocational training programs, located usually at MCTC but occasionally at one of the other institutions. During the course of this basic training, orientation to the world-of-work in general and to SUI shops in particular will be mandatory. Some inmates may require basic academic preparation as a prerequisite to successful participation in a skill training course; other inmates may simply want to obtain high school equivalencies prior to entering skills training. In these cases, the inmate would enroll in an academic program as part of his plan or MAP contract. The course(s) would be tailored to include job/skill relevant basic education offerings.

The linkage among these program components is not limited simply to the sequencing of prerequisites. Qualified representatives from each component, including SUI shop supervisors and SUI vocational counselors (to be added under this alternative) and instructors from the vocational and academic programs should collaborate to devise curricula and work experience opportunities which afford continuity within each program sequence and which focus on enhancing the employability of inmates upon their release. In this connection, where possible, representatives from the private industry counterparts to the SUI shops should be retained (or asked to volunteer) to assist in development of the program sequence to assure its relevance to skill and experience requirements demanded of new employees by private industry.

¹The SUI job should be designed as carefully as possible to simulate comparable jobs in private industry.

As stated above, at the time the inmate progresses to the SUI end of the program sequence, he must contend with a conventional employment situation. This will include a job interview during which the inmate fills out an employment application and must verbally "sell" his skills to the prospective employer. Although some advanced "on-the-job" training is offered in the shop, a conventional work atmosphere is maintained including production quotas where appropriate, periodic performance reviews between supervisor and employee, and warnings or bonuses as individual performance dictates. Key during this phase (and during the basic skills training phase) is the maintenance of detailed work histories and achievement records on each inmate employee.¹ This record of inmate performance will be used to certify the inmate's fulfillment of the terms of his Rehabilitation Plan or MAP contract at each step, and equally important, serve as a record of skill proficiency and work experience when the inmate applies for a job on the outside.

The program sequence concept that underlies this model not only serves to facilitate the achievement of SUI training and rehabilitation goals, but also enhances the probability of successful revenue generation efforts by production and service shops. That is, by the time most inmates arrive at the SUI shops, they have successfully acquired most, if not all, of the skills required to perform most of the job tasks in the shop. Thus, productivity and quality of output should be substantially improved over the current situation in most shops. Not only is the inmate better prepared from a skill and knowledge point of view, but he is also motivated to do a good job because his performance in the shop will determine his next step toward release.

In essence, the program sequence proposed in the Core Program Model has already been adopted by the Division for implementation in four medium security housing complexes proposed for funding in Fiscal Year 1977 and construction in Hagerstown. Each complex would contain 480 inmate beds. In addition to recreation, dining/administration, and educational facilities, each complex would include two 8,000 sq. ft. facilities

¹An impressive prototype "Training Achievement Record" form has been devised by the foremen at the SUI Graphics Pring shop located at 920 Greenmount Avenue in Baltimore.

capable of housing a total of six SUI shops and six vocational training areas plus office and storage space. Current plans call for the linkage of skill training with industrial work experience for inmates housed in the complex. Clearly, this design is completely consistent with the Core Program Model. Approximately 240 inmates would be active in the vocational training/SUI program sequence at any one time. Other inmates will likely participate in the on-site academic program in preparation for entry first into vocational training, then into SUI.

4.2 The Core Program Model Design Options

Having worked out the basic configuration of the Core Program Model, Division, SUI and Abt Associates staff turned next to the question of the specific design to be used for implementing the Core Program Model. At the beginning of the design planning meeting, several assumptions were stated and held constant for all design options:

1. A system of centralized rehabilitation planning and placement such as that described above will be established by the Division.
2. SUI has the objective to eventually train 800 inmates per year (including SUI activities at the Baltimore Penitentiary and the Women's institutions).
3. SUI currently has 220 full-time job slots excluding the Baltimore Penitentiary and the SUI maintenance contract work.¹
4. Minimum investment requirements for all Core Program options:
 - Eight new staff @ \$136,000 per year, and
 - Capital Equipment \$125,000 (\$50,000 of this already committed).
5. Program linkages will be established between Vocational Education and SUI shops; the average vocational course will last twenty weeks.
6. Recommendations regarding needed improvements in SUI Central Management will be adopted.

¹Due to the exceptionally low skills levels characteristic of inmates at the Penitentiary and long sentence length, it was agreed that a separate scenario would be developed for this institution. Therefore the Penitentiary was not included in this analysis as far as program linkage options are concerned.

With these basic assumptions established, each design option was presented. Eight key decision variables were identified and values (usually qualitative) were assigned for each design option. The eight variables selected were:

1. Security Classification of Inmates Involved. Given that SUI job opportunities will exist for less than 10 percent of the total inmate population, the issue of what type of inmates should be the beneficiary of SUI training and employment must be considered. This issue is complex because of the multiple objectives that a SUI job-slot serves. On the one hand, the issue of what type of inmate can most benefit from participation can be debated. Given the scarcity of inmate activities at all institutions in the Division, the issue of which institutions have the most pressing need for inmate activities must be factored in. Also the location of existing SUI and vocational education shops must also be considered given the substantial capital costs involved in establishing new courses and shops at institutions where they do not currently exist (variable #4).

2. Annual Inmate Thru-Put. Again given the scarcity of inmate activities the annual inmate participation or thru-put capacity of each design option must be considered. In this analysis it is postulated that the longer inmates spend in the SUI program, the higher the quality of training and work experience (variable #3) and the higher the SUI shop productivity and revenue generation potential (variable #5). However, the longer a given set of inmates spend in the program in a given year, the lower the Annual Inmate Thru-put (variable #2) because the job-slots "turnover" less frequently. For the most part, this analysis contrasted the thru-put rates associated with six-month job-slots versus one-year job-slots in SUI.

3. Quality of Inmate Training and Work Experience. Since it was assumed at the outset of this discussion that vocational education courses lasted twenty weeks, the value of this variable is really a function of how long inmate-employees spend in the SUI job slots; since within a given option some inmates may spend one year and others only six months (e.g., Option (1)), ratings refer to quality of the experience in the aggregate; longer participation in the SUI shop is assumed to equate to higher quality training and work experience.

4. New Investment Requirements. Options considered will require various levels of capital expenditures and increased operating budgets. Given the budget cycles in the State, higher levels of new projected capital expense is assumed to relate positively to longer implementation timeframes (variable #8).

5. Productivity and Revenue Generation Potential. As already discussed, revenue generation is a secondary but important SUI objective; values are assigned to the variable according to the presumed effects of other program characteristics, especially quality (variable #3) and stability (variable #2) of the inmate workforce.

6. Inmate Time Occupation. The scarcity of inmate activities in the Division has given rise to high levels of inmate idleness. The degree to which SUI can provide job opportunities which occupy inmate time must be considered. Values are expressed in terms of the number of "inmate-years" (or full-time equivalents) that a given option occupies. In the short-term, this variable is principally a function of the number of slots available and turn-over assumptions. Therefore, its value will only increase over the longer term and at a rate consistent with the expansion of SUI shops, financed either through reinvestment of generated surpluses or allocation of new funds by the state legislature or acquisition of grant or investment funds from the federal government or private sources.

7. Security Costs Involved. This cost element is largely a function of the security classification of facilities at which program activities are located; only changes in existing policies and procedures governing shop security can alter this relationship.

8. Timeframe for Full Implementation. The value of this variable is assumed to be largely a function of the level of capital expenditure and facility construction required by a given option. The higher the required level of capital expenditure and facility construction, the lower the time frame for full implementation.

Table 1 presents a matrix which indicates the qualitative and or quantitative values assigned to the eight variables for each of the design options. This matrix facilitated a discussion of the pros and cons

Table 1:
Matrix of Variable Ratings for Each Core Program Model Design Option

Variables CORE Design Design Options	Classification of Inmates Involved	Annual Inmate Thru-put	Quality of Inmate Training And Work Experience	New Investment Requirements (In Addition to Recommendations)	Productivity and Revenue Generation Potential	Inmate Time Occupation	Security Costs Involved	Time Frame For Full Implementation
I	Max/Med at MHC and MCI (next anticipated move Release)	330 6 months - 1 year Work Experience (+80 at Peniten- tiary)	Good-Excellent No Reverse Flows	High Capital and Operating Costs for New Vocation- al Education at MHC and MCI: Capital - \$750,000 Salaries - \$72,000	Good due to Moderately Stable Work Force	385 "Inmate Years" per Calendar Year	Same as present: \$200K-250K per year	3 - 5 years due to Facility and Equipment Needs
II-a	Med/Min with Reverse Flows from MCTC to MHC and MCI (Assumes Map)	440 6 months Work Experience (+80 at Peniten- tiary)	Good Training Modest Work Ex- perience Reverse Flows Required	No Additional Capital or Operat- ing Costs But Some Inmate Transportation Costs	Fair due to Minimally Stable Work Force	404 "Inmate Years" per Calendar Year	None if Inmates housed at MCTC and camps, and are transported to work Otherwise, Same as present \$200K - 250K	1 Year
II-b	Med/Min with Reverse Flows from MCTC to MHC and MCI (Assumes Map)	220 1 year Work Ex- perience (+80 at Peniten- tiary)	Excellent Train- ing and Work Ex- perience	None, except maybe inmate transportation to work	Excellent due to Stable Work Force over 1 Year	404 "Inmate Years" but some spend 6 months on other activities after training	None if Inmates housed at MCTC and camps, and are transported to work Otherwise, Same as present \$200K - 250K	1 Year, but will take 3-5 years to achieve comparable thru-put capacity
III	Med/Min with No Reverse Flows	220 from existing shops, plus 80 at Penitentiary plus 500- in new shops	Fair due to on- the-job training style exclusively	None for exist- ing shops Investment re- served for new shops at MCTC and camps Capital -- \$1 million	Fair at existing shop Good at new shops at MCTC and camps	220 at old shops, plus 80 at Peni- tentiary plus 250 new shops = 550 "inmate years"	Same at old shops: \$200K - 250K None at new shops at MCTC and camps	Old shops -- 1 year New shops -- 3-5 years

of the various design options by Division officials on March 4, 1976. Although no consensus was reached regarding which single option was preferable, a number of priorities and additional concerns emerged:

- The option chosen should not result in a net reduction of annual inmate participation rates in SUI;
- The Division will seriously entertain an option which requires new capital investment and operating budgets in the relatively short-term;
- Revenue generation must be given high priority;
- Reverse flows of inmates from MCTC Vocational Training courses to MHC and MCI based shops is a viable option if MAP contracts are used; daily transportation of inmates from MCTC to work at MCI shops and from the Camp Center to work at MHC shops will also be considered;
- The options as presented assume that inmates become eligible for SUI only when they have no more than a projected two-years stay-time left in the system. In effect, SUI becomes a pre-release program. Is this desirable? Why not reserve SUI for inmates with longer projected stay times?

Rather than present the four options considered at that meeting, this Executive Summary will describe the design option finally adopted as a response to the eight decision variables displayed in the matrix and to the additional concerns of the Division and SUI which emerged and were noted above.

4.3 The Recommended Core Program Design Option

The major characteristics of the recommended option are listed below. All elements of this program should be operational within two years from initiation. It should be understood that the assumptions and "givens" stipulated above for the four design options also pertain to the recommended option, with the exception that Vocational Education courses for some inmates may run less than 20 weeks if required to permit the initial phase-in of the new design.

Major Characteristics

1. Of the existing 220 SUI job-slots at MHC and MCI, reserve 100 daytime job slots for long termers who have projected stay-times of 5 years or more. These inmates should be carefully screened and selected by a team composed of the institutional classification counselor, the SUI vocational counselor (to be hired), the SUI shop supervisor, and SUI management. These men will form the nucleus of the workforce in their respective shop assignments. MAP or a similarly binding contract-like plan should be developed with the selected inmates; performance milestones should be specified. These inmates should be given on-the-job training (OJT) according to a planned curriculum developed by the SUI vocational counselor and the shop supervisor with assistance from and review by state vocational education officials and experienced private sector foremen whose assistance has been solicited from private companies by Division officials. In order to enhance the probability of success of this approach, existing shop supervisors and foremen themselves should receive in-service training and orientation to the new curricula. Supervisors and foremen should be assessed to insure that they meet the same experience and skill proficiency standards that are required of their private industry counterparts; more intensive training or replacement should be considered if they fail to meet these standards.
2. Reserve the remaining daytime job slots for graduates of relevant MCTC Vocational Education courses. Upon graduation from their 10-20 week courses, these inmates will be assigned (per their MAP contracts)

to work in existing SUI shops at MHC and MCI for a period of 6 months; ideally, the next step for these inmates after SUI is release or reclassification to a minimum security, work-release situation. Where possible, "outside" jobs should be obtained in industries for which the SUI training and work experience is directly relevant; this may be facilitated by a Division sponsored campaign to involve private industry in an advisory and technical assistance capacity during the development of OJT and Vocational Education curricula for existing shops within the next year.

3. Initiate a second (evening) shift in selected shops at MCI as market demand and inventory requirements dictate. Minimum security inmates from MCTC who have completed or are near completion of their vocational education courses can be brought over to work in the shops. The primary expense would be labor costs for SUI personnel and inmate labor. Therefore, shops which are most likely to require additional production for stock purposes or that experience backlogs are preferable for this shift. If, for example, the metal shop and upholstery shops at MCI in Hagerstown were selected, approximately 75-100 inmates could be employed on this shift. If six month assignments are assumed, adoption of this second shift proposal would increase the SUI annual participation by 150-200 inmates. Revenue generation potential should also be enhanced if the second shift assists SUI in achieving a stock position on standard, high demand products.

4. In the aggregate, the annual inmate participation rate at MCI and MHC under this option will be between 490 and 540 inmates.

5. In parallel to the above activities, initiate plans to develop Vocational Education capability to offer six courses at MHC and MCI. This will likely involve capital expenditures of up to \$750,000 and instructor salaries of up to \$72,000 per year plus supplies and operating expenses. Those facilities should come on line within five years after initiation if budget requests are approved by the

legislature. For the investment specified above, the new vocational training capacity should accommodate about 30 inmates per course or 180 in each of two twenty-week training cycles per year or a total of 360 inmates trained per year. Once on line, these new courses should "feed" the SUI shops at MHC and MCI, eliminating the need for reverse flows from MCTC back to the institutions for SUI employment. It is assumed that in this timeframe SUI shop activities will have expanded to accommodate a large proportion of the inmates graduating from the new MHC and MCI vocational education courses; some attrition due to unanticipated early release or failure to satisfactorily complete the courses will also occur such that SUI shops will not likely be burdened with the pressure to employ all 360 new men who graduate in a given year. However, to the extent that expanded shop operations and attrition still can't accommodate graduating trainees, more SUI job slots would have to be reserved for inmates nearing release or reclassification to afford the desired annual turnover rate of SUI job-slots. Here again the utility of an automated inmate caseload management system is highlighted.

6. In parallel to the above activities, initiate development of new light industry and repair shops, and expand SUI maintenance contract services. Emphasis should be placed upon development of shops in available space at MCTC and at the Camp sites. Assuming that these shops, capital expenditures for machinery, initial stock of supplies, furniture, and facilities renovation will range between \$20,000 to \$50,000 per shop.* At least four new shops (e.g., small appliance repair, plasticware production, small engine repair, and bus body repair if market studies indicate feasibility) employing 20 inmates each should be targeted for opening within the two year timeframe. Capital costs will therefore range between \$80,000 to \$200,000; operating costs would be covered by revenues (initial start-up capital would of course be required). The shops would employ approximately 80 inmates at any one time. Assuming that inmates occupy the job-slots for six

*Cost estimates provided by Mr. McGinnis of Vocational Education.

months, total annual participation in these new shops would equal 160 inmates. Thus, overall SUI annual participation would range between 650 and 700 inmates.

Summary of Recommended Option
Vis a Vis the Eight Decision Variables

1. Classification of Inmates Involved. Under this option, SUI job slots are reserved for inmates of all classifications housed at MHC, MCI, MCTC, and the Camps. One hundred slots are reserved for higher security inmates expected to be in the system five years or longer who are housed at MHC and MCI.

2. Annual Inmate Thru-Put. Existing shops at MHC and MCI will accommodate 490 to 540 inmates over a year's time; of these, 100 will be longtermers expected to work in the shops over several years. When the proposed new shops are added at MCTC and the Camps (within the two year timeframe) annual participation will rise to between 650 and 700 inmates; these figures do not include employment at the Penitentiary or an assumption regarding expansion of the minimum security contractual services, including maintenance, janitorial, printing, vehicle service, and moving services. In addition, this option calls for the expansion of vocational education course capacity to accommodate 360 inmates per year at MHC and MCI, many of whom would then obtain SUI employment at some point.

3. Quality of Inmate Training and Work Experience. A "good" rating is postulated for this variable. Although initially the 100 long term inmates at MHC and MCI who make up the nucleus of the work-force will only receive "on-the-job training" style training, most inmate participants will have the benefit of 10-20 weeks of customized vocational training at MCTC before they enter SUI employment. Within the five year timeframe, vocational education at MHC and MCI would come on line, thereby increasing the quality of training for inmates at these institutions. For most employees, the work experience in SUI shops would be limited to six months under this design. As argued elsewhere in this report, a one year experience would be considered an optimal

period to gain and demonstrate skill proficiency and to accumulate a more favorable work history.

4. New Investment Requirements (in addition to "givens" stipulated for the Core Program):*

- Capital Facilities and Equipment - up to \$950,000
- Operating Funds
 - up to \$72,000 per year in instructors' salaries
 - approximately \$50,000 in start-up funds for new shops

Obviously if existing facilities could be made available at MHC and MCI to accommodate the vocational education courses, capital expenditures could be reduced to around \$200,000.

5. Productivity and Revenue Generation Potential. "Good" due to moderately stable workforce, increased training for SUI staff and inmates, and capital investment in new venture start-ups. Clearly, detailed financial projects must be produced to buttress this assumption.

6. Inmate Time Occupation. When all elements are on line, approximately 580 "inmate years" (i.e., equivalent to 580 inmates occupied full time for one year) will be occupied annually under this design.

7. Security Cost Involved. Under this design security costs at existing MHC and MCI shops would remain the same for daytime operations; current costs are approximately \$200,000 per year. As argued in section 3.0 in this report and in the Special Report submitted in January 1976, it is the opinion of the study team that all security costs should be budgeted by the Division and not be accounted as a "cost to manufacture" on SUI books. If this recommendation is accepted, security costs to SUI would obviously decrease to zero.

*Estimates are rough approximations. The "givens" stipulated for the Core Program were as follows:

- Capital Equipment costs: \$125,000
- Eight new staff @136,000 per year

8. Timeframe for Full Implementation. All elements except the new facilities required for vocational education at MHC and MCI could be operational within two years. The new facilities may take five years if looked upon favorably by the legislature.

4.4 Long-Term Alternatives for Building Upon the Core Program Model

The Core Program Model was developed as a response to the current situation which can be implemented in a relatively short period of time--one to two years. Over the next five to ten years SUI wishes to move toward greater private industry involvement; in response, the Abt Associates study team prepared a set of four general models of private industry participation in state-use industries. In designing the four models, Abt staff took into consideration the degree of private industry involvement, possible legal constraints, inmate wage levels and structure, the number of shops which would be affected, the selection of inmates for participation and the location of new programs. The three models presented below assume that the Core Program Model will be operational when any of the three are brought on-line.

PRIVATE INDUSTRY INVOLVEMENT ALTERNATIVE #1

• Design/Strategy: The Advisory Board

This alternative simply involves the establishment of advisory boards for each SUI shop or shop cluster (e.g., the furniture related shops) composed of staff and line officials of private concerns that produce and/or market the same type of products as the SUI shops. The advisory board will meet periodically to review shop operations and performance and to make recommendations for improvements. Ideally, individual members would also be accessible to render special technical assistance and advice.

• Benefits

--Technical assistance in designing industry-relevant vocational and on-the-job training curricula, thereby enhancing the quality of training offered inmates;

--Technical assistance in organization of shop operations and product marketing, thereby enhancing SUI revenue generation, product quality, and the quality and realism of inmate work experience;

--Linkage with industry employers to facilitate inmate job placement.

- Costs

--Only the administrative cost of initial solicitation of participants; the ongoing costs of coordination as well as initial start-up costs will presumably be more than offset by the benefits postulated above.

- Timeframe for Implementation

--With a concerted effort by Division officials, the advisory boards should certainly be functional within a year.

PRIVATE INDUSTRY INVOLVEMENT ALTERNATIVE #2

- Design/Strategy: Private Industry Management and Ownership participation with customized industry-specific vocational training of inmates.

This alternative involves the participation of one or more private industry firms in management and partial-ownership capacities in one or more SUI shops. Given the ownership feature, presumably profit motivated, enabling legislation would be required. It would seem most feasible and practical to pursue this alternative in conjunction with the planning and development of the currently proposed medium security institutions that may be built in Hagerstown and/or Jessup. Finalization of design plans for the SUI shop and vocational education facilities slated for development within these complex(es) would be delayed until negotiations had been completed with the identified private industry participant(s). As with the Core Program, vocational education courses would be linked to the industries and curricula would be jointly developed to insure relevance to the industry's needs. Industry identification, selection and negotiations

should be carried out in coordination with the Division of Business and Industrial Development, the State agency best equipped and experienced in attracting industry and consumating expansion and relocation deals.

- Benefits

- Job market relevant training and employment for inmates;
- Potential for more competitive wages for inmates compared to traditional prison industry wages;
- Competitive wage and salary levels for non-inmate personnel as compared to often inflated civil service system wage levels for comparable positions;
- Expanded SUI revenue generation due to participation in the open market;
- Payment of partial or total costs of room, board, and custody by inmates from wages earned in the conventional industry setting;
- Implementation of such an alternative in concert with a new development project affords design and bargaining flexibility which will enhance the likelihood of actually attracting private industry participation.

- Costs

- Given that the capital costs associated with facilities construction will be financed by the State agency, only marginal increments, if any, would likely be associated with adaptation to meet the needs of private industry participants; this issue obviously will be a key negotiation point between the Division, the private firm(s), and perhaps the Division of Business and Industrial Development which may be able to arrange additional or supplemental financing. No basis for estimation of a dollar cost exists at this time.
- If an alternative design for the industry facility is required by the private firm, additional acreage and infrastructure (i.e., access roads, sewage, lighting, etc.) may

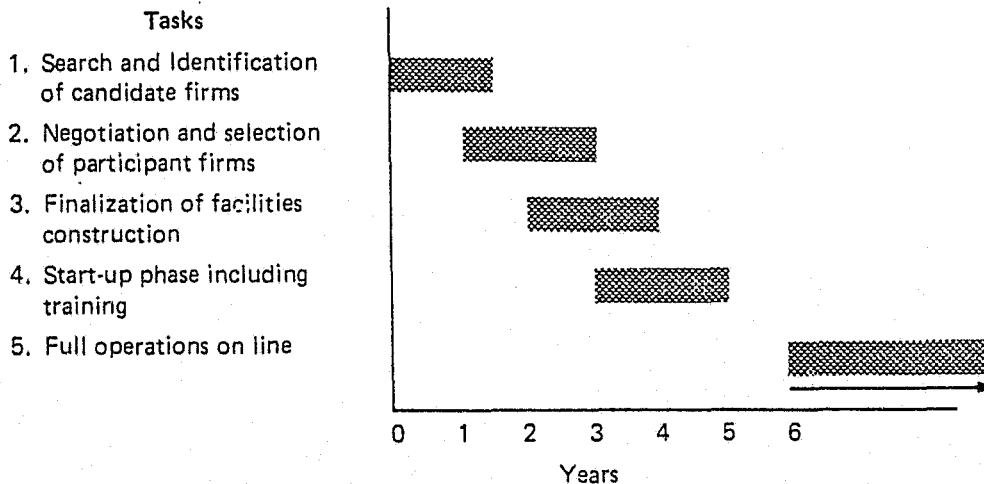
be required, especially if the alternative design borders the security perimeter or is developed entirely outside. Again, no basis for the estimation of dollar costs exists.

--The private industry ownership feature of this alternative suggests that SUI must give up at least partial if not total ownership and associated returns in exchange for the inmate training and wage benefits postulated for this alternative. From the Division's perspective, however, this may prove to be an economically worthwhile trade-off if inmate wages are high enough to defray all or part of the costs of custody.

--Administrative costs associated with the identification of candidate firms and subsequent negotiations will be incurred at the Division level. The cost of these functions would likely be shared to some extent through participation by other State agencies such as the Division of Business and Industrial Development (DBID) and the State Office of Minority Business Enterprise. Given the unique nature of this alternative, it is also conceivable that planning and/or demonstration funds could be obtained from LEAA, DOL, and/or other federal and state funding sources.

• Timeframe for Implementation

Although no documented experience is available upon which to project a realistic timeframe the following is illustrative:



Private Industry Involvement Alternative #3

- Design/Strategy: The Turnkey/Performance Contract Model

This alternative is essentially the same design as #2 except that the private firm(s) participate on a performance contract basis rather than on an ownership basis. Thus, SUI retains full equity ownership and has the option to assume partial or total management control of operations according to the terms of the performance contract with the managing firm. In this instance, no new SUI legislation is required unless SUI wants to sell its products on the open market. This is a variation of the arrangement between the Edo Corporation and the correctional institution at Albion, New York.

- Benefits

--Generally the same as alternative #2 with the addition that SUI has full ownership and can assume full control at some point in the future if turnkey mode is desired; such an option would be built into the contract with associated notification constraints and/or penalties stipulated.

- Costs

--Marginal increments in design and capital costs in control of SUI; therefore they are assumed to be less than alternative #2 since the facility would likely be constructed within the secure perimeter as currently planned. However no financial participation by the private firm(s) nor DBID would be involved. Consequently the Division would assume all capital costs as currently planned.

--Private industry participation would be on a cost plus incentive fee basis, most likely tied to inmate training, product quality and product marketing performance. Therefore some portion (maybe all) of SUI profits would be diverted to cover the incentive fee. In addition, it would probably be wise to involve the firm(s) during the planned stages on a contract basis.

- Timeframe for Implementation

Given that no private sector investment would be required, the 2½ years allocated to identification of the candidate firms and negotiations under #2 could probably be reduced by one year under this variation. Thus, full operations would begin by year four.

Recommended Actions

Certainly the Alternative #1 should be pursued in conjunction with the Core Program Alternative whether or not other alternatives are chosen. SUI operations can only benefit from the technical assistance and support likely to be derived from the establishment of private industry advisory boards for each of its shops or shop clusters.

Systematic consideration and selection of one of the other alternatives, or a variation thereof, is severely hampered by the myriad of "unknowns" that must be contended with. We simply do not have available the basis for a competent recommendation at this time. We do, however, urge the Division to pursue a systematic investigation of the feasibility and desirability. Modest scale experimentation with one or two private industry involvemen- alternatives is probably the most prudent course of action. Hopefully over the next year or so, a data base will be developed which documents the successes and failures of other pioneering efforts such as those planned in South Carolina, Oklahoma, Minnesota and Connecticut.

This discussion concludes the Executive Summary. The second half of this report describes the Implementation Plan which will bring the recommended Core Program Model design option on-line and provide the base for long-term private industry involvement.

PART II

IMPLEMENTATION PLAN

PART II: IMPLEMENTATION PLAN

1.0 INTRODUCTION

Between November 1975 and April 1976, Abt Associates Inc., under contract to the Maryland Division of Correction, has conducted a study of Maryland's State Use Industries (SUI). The purpose of this study was to identify the goals and objectives of SUI as viewed by Division and SUI officials, determine whether SUI should have a role in the Division's program of inmate rehabilitation and social reintegration, and to make recommendations for the reorganization of SUI to enable it to perform the desired role if one were identified. Part I of this report provides a detailed summary of the activities, findings, and recommendations of the study phase of this contract. These findings and recommendations were presented to Division and SUI officials for their review and comment in three previous reports.* Abt Associates staff met with these same officials to discuss each report and to agree upon required revisions, modifications, and additions. This interactive study and planning process has resulted in the adoption of an agreed upon course of action by the Division and SUI management for the transformation of SUI into an inmate industrial training and work experience program. To review, the goals of this new SUI program will be as follows:

Priority I: Inmate Training and Rehabilitation

Priority II: Revenue Generation

Priority III: Occupation of Inmate Time

A two-phase implementation approach has been agreed upon by the Division. Over the next two years (commencing at the beginning of fiscal year 1977) primary attention will be given to implementation of the Core Program Model (see detailed description in Part I of this report). This model focuses upon the reorganization of existing resources within the Division, augmented slightly by modest investments in new capital facilities, equipment and staff, into a program capable of achieving the SUI goals stated above. Although this effort is referred to as the short-range phase of the implementation plan, clearly if the Core Program Model proves, empirically, to be a viable

* Report on Goals and Objectives, January 8, 1976
Special Report, January 22, 1976
Alternatives Report, March 24, 1976

productive mechanism, it can and should be expanded over the longer term in concert with other elements of the longer-range phase of the implementation plan.

The longer-range phase of the implementation plan focuses upon a more innovative, but largely untried, program concept -- substantial involvement of private industry in the correctional industries program. While there is documented experience in several states regarding the involvement of private industry at the level of advisory board participation, contract and pro bono technical and management assistance and training, and equipment donation, there is little documented experience regarding substantial, long-term involvement by private industry in the design, management, and/or financing of correctional industries.* Thus, if committed to this level of private industry involvement, Maryland must assume a pioneering role in development. In this context, the second phase of the implementation plan outlines the next steps required to further test the feasibility of private industry involvement in Maryland's correctional industries program. Assuming that one or more private industries expresses a serious interest in a substantial involvement, it is recommended that the Division proceed on a pilot or experimental basis, providing for on-going assessment and evaluation.

Section 2.0 below presents a plan for implementation of the Core Program Model over a two year period. Key recommendations presented in the Special Report and the Alternatives Report are reviewed and translated into tasks to be performed by Division officials, SUI management, and/or their agents as appropriate. A task schedule is presented consistent with the objective of full implementation within two years.

Section 3.0 summarizes recommendations and tasks associated with the longer-term development objectives of the program. Where possible, schedules for task completion are presented. However, future developments regarding involvement of private industry will depend upon the findings of the private industry survey proposed in this section.

* For a broader discussion of this topic see Section 4.6 of the Alternatives Report.

2.0 IMPLEMENTATION PLAN FOR THE CORE PROGRAM MODEL

The underlying concept of the Core Program Model is that more efficient and effective use can be made of existing inmate program and SUI resources within the Division than is currently the case. Therefore recommendations have been presented for making these improvements through establishment of program linkages, management improvements, and modest staff, equipment, and facilities additions. In order to develop an acceptable, workable implementation plan, these recommendations must be translated into a set of tasks to be carried out by Division personnel, SUI staff, and/or their designated agents (e.g., contractors, volunteer groups, etc.).

The first step in this translation process is the organization of key recommendations by major topic categories which will afford a systematic identification and delineation of logical groupings of tasks and subtasks. The following major topic categories have been selected to provide the required organizing framework for the Core Program Implementation Plan:

- Orientation of Division staff, SUI staff, inmates, and related agencies to new SUI Program Plan;
- Establishment of an improved inmate assessment, assignment, and caseload management system for integration with SUI;
- Improvement of SUI central management and shop operations;
- Start-up and phase-in of the Core Program model;
- Program financing;
- On-going monitoring, evaluation and technical assistance.

Each of these major categories is discussed below in a separate subsection. Where appropriate major tasks and subtasks are delineated along with the suggested time frame for execution. Given the two-year time frame selected for overall implementation of the Core Program several major tasks and associated subtasks must be carried out in parallel. Thus where possible a division of labor among SUI personnel, Division-level personnel, and outside agents such as contractors is suggested.

2.1 Orientation of Division Staff, SUI Staff, Inmates and Related Agencies to the New SUI Program Plan

Successful implementation of the Core Program in the Division of Corrections is going to require the assistance and cooperation of a wide range of individuals within the Division, the Parole Board, inmates, and personnel from other state agencies. Therefore, it is crucial that all such significant groups be briefed and oriented to the changes and improvements which will be made under the new program model. The program must be promoted in such a way that realistic expectations and a clear understanding be instilled in those affected and involved. This promotional effort is labelled Task I in the implementation plan. It is an on-going task and must be planned and executed by the offices of the Deputy Secretary for Correctional Services and the Commissioner of Correction. Briefings should be held for officials of agencies such as state Purchasing, Budget and Fiscal Planning, the Parole Board and for key Division and SUI staff such as Managing Officers, Industries Managers, MAP officials, Community Corrections officials, shop supervisors, Vocational Education Officials, and SUI central office staff. These briefings should be supplemented with explanatory and promotional literature. When appropriate, promotional literature and orientation sessions should be provided for inmates.

2.2 Establishment of an Improved Inmate Assessment, Assignment, and Caseload Management System for Integration with SUI

Section 2.0 of the Alternatives Report makes a case for the establishment of a system of centralized inmate assessment, individualized rehabilitation planning, and assignment to programs consistent with the objectives of the rehabilitation plans. Division officials accepted this recommendation, viewing it as completely consistent with current efforts within the Division to institute OBSCIS (Offender Based State Corrections Information System) and expand use of MAP (Mutual Agreement Programming). Also under consideration is adoption of C.A.I.R.S (Computer Assistance for Inmate and Resource Scheduling) a computer-based system aid to the planning and scheduling of program assignments for a large number of inmates over a multi-year time frame.

It is not likely, however, that these new systems will be fully operational in time to facilitate implementation of the Core Program Model over the next two years. Consequently, a less elaborate but efficient system of screening inmates for participation in SUI must be developed; this effort will be referred to as Task II. Task II should be assigned to a task force composed of a representative of each of the following groups:

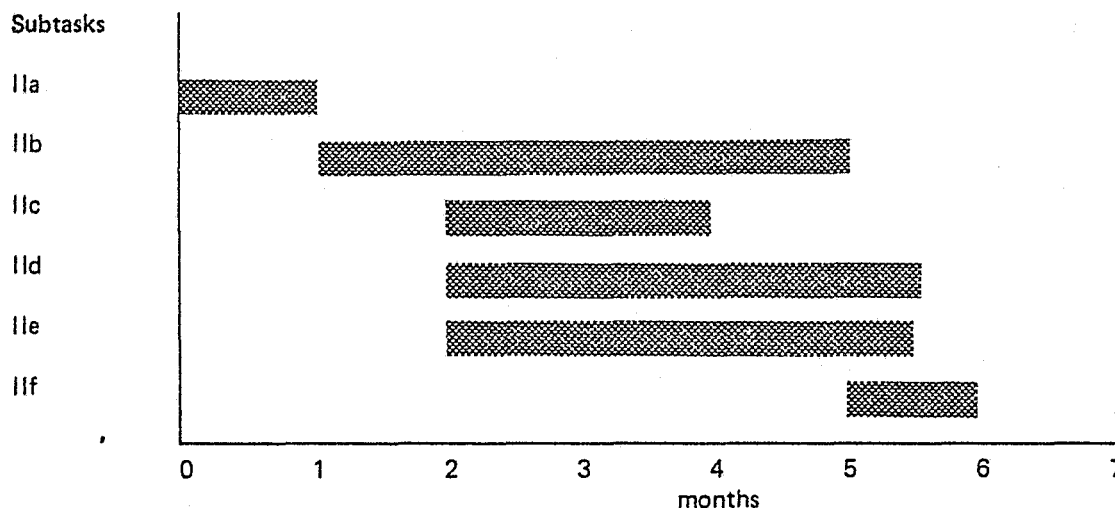
- SUI vocational counselling staff (to be hired)
- SUI shop management
- RDCC classification staff
- MAP staff
- Vocational education staff
- Division Instruction System officials
- Parole Board
- Contractor (for staff work and technical assistance)

In developing the system, the following subtasks must be carried out by the task force:

- Subtask IIa Organization of the task force and delegation of assignments.
- Subtask IIb Specification of inmate criteria for admission to the new program and development of assessment techniques for determining which inmates meet these criteria. This subtask must be coordinated with the curriculum development activities discussed under Task IV below to insure compatibility of admission criteria and assessment techniques with individual vocational education/SUI step linkage characteristics.
- Subtask IIc Development of a procedure and format for developing individualized inmate program plans to be integrated with MAP.
- Subtask IId Development of a system (perhaps semi-automated, using key-punch and card-sort techniques) for monitoring and managing aggregate inmate participation and program flows.
- Subtask IIe Development of instruments, such as the inmate Training Achievement Record used in the SUI offset printshop, for measuring individual inmate progress and achievements at various stages within the program; these measurement devices should be accepted by MAP and Parole Board officials.

- Subtask II f Training of RDCC staff, institutional classification teams, Vocational Education personnel, Managing Officers, Parole Board, and SUI shop staff in the purposes and uses of the new systems and tools. The role of MAP and centralized assessment, planning, and program assignment for individual inmates must be stressed.

The appropriate time frame for execution of the subtasks under Task II is as follows:



2.3 Improvement of SUI Central Management and Shop Operations

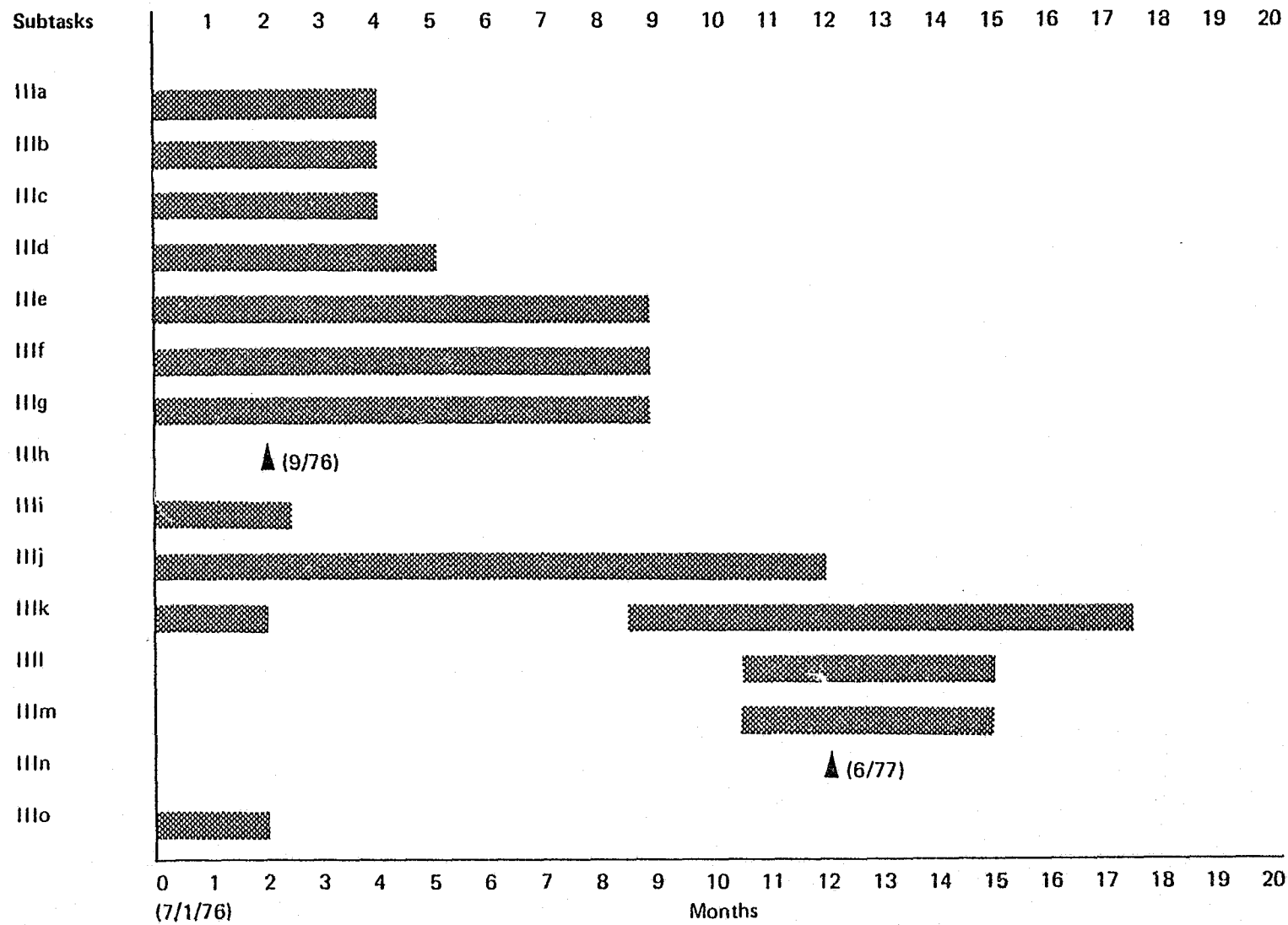
This effort constitutes Task III. It focuses on the improvement of SUI business management operations and procedures as well as on required improvements in individual shop production activities. Section 3.0 of the Alternatives Report provides a summary analysis of SUI operations at both the central management and shop levels. Since many of the problems discussed were already being responded to by SUI management during the course of the study, several of the recommendations contained in the Alternatives Report and thus several of the subtasks listed below represent a simple continuation and expansion of measures already initiated to effect improvements. These subtasks are properly the domain of the SUI General Manager and his designees. It is suggested, however, that volunteer or contractor-provided technical assistance be available to SUI management to assist in the design and implementation of required systems and procedures.

The major subtasks to be performed under Task III are as follows:

- Subtask IIIa Update SUI task of organization to reflect current staff needs (such as a designer/engineer, SUI vocational counselors, etc.) and assignments. Update job descriptions and requirements to reflect required functions and level of expertise for each position. Review characteristics of incumbents to determine staff training and/or staff replacement requirements.
- Subtask IIIb Delegation of hiring authority ("appointing authority") for all SUI positions to the SUI General Manager by the Commissioner of Correction.
- Subtask IIIc Modify SUI/Institutional organizational relationships as required to insure that all SUI staff report through established line and staff organizational components to the SUI General Manager.
- Subtask IIId Develop job description for and hire an Assistant SUI General Manager.
- Subtask IIIe Continue to develop an SUI management information system at the central office to keep track of all aspects of SUI operations. Rather than installing a "canned system" borrowed from some other application, SUI, with the assistance of a management consultant or technical assistance contractor, should tailor its own system to insure coordination of production and purchasing with sales and marketing functions. Annual sales and production targets should be developed for each shop, and the information system should be used to monitor performance and modify targets as appropriate. Central staff, Industries Managers, and Shop Supervisors must be trained in the purposes and uses of the integrated information system.
- Subtask IIIf Continue development and refinement of the SUI cost accounting system to insure adequate recording of unit production costs as an aid to estimating costs and adequate pricing of future orders. Revise formula for allocation of overhead expense to insure that accurate cost data is available for each shop and/or product line. This will aid decision-making regarding shop or productline expansion, discontinuence, etc.
- Subtask IIIg Revise accounting procedures to include use of a depreciation reserve account to finance equipment replacement. As an unbudgeted agency, SUI must have a reliable, predictable mechanism for equipment replacement.

- Subtask IIIh In the next scheduled budget submission, the Commissioner should request sufficient funds to cover all security costs currently borne by SUI but which are not appropriately allocable to costs-to-manufacture or SUI overhead. Only costs directly associated with its business, production, and training activities should be charged to SUI.
- Subtask IIIi Develop an overall market strategy for SUI based upon an analysis of current market share and growth potential within SUI's "semi-protected" market. Identify potential new markets which qualify under SUI's legal mandate.
- Subtask IIIj Continue to update product designs and move to standard product lines and away from special orders, except at increased prices. Help promote a program of product standardization throughout the state through joint efforts with the Purchasing Bureau.
- Subtask IIIk As financial performance improves over time, increase inmate incentives and wage levels accordingly, but stress individual as opposed to group incentives.
- Subtask IIIl Develop job descriptions for and hire new shop staff as specified in section 4.5.2F (pp. 112-120) of the Alternatives Report. Execution of this subtask is obviously contingent upon acquisition of the required funding (see Task V discussion below).
- Subtask IIIm Purchase and install new equipment in shops as specified in Section 4.5.2F of the Alternatives Report. Again, execution is contingent upon financing arrangements.
- Subtask IIIn Decide whether or not to integrate the institutional laundries and/or the meat cutting project into SUI. (See Section 4.4 of the Alternatives Report, pp. 77-92, for a full discussion of these issues.) This decision should be made by the Commissioner and the SUI General Manager.
- Subtask IIIo The Department and the Division should actively support SUI's request to General Services to allow SUI management to handle its own purchasing of raw materials and equipment.

The appropriate timeframe for execution of subtasks under Task III is as follows:



2.4 Start-up and Phase-In of the Core Program Model

The general characteristics of the Core Program Model are described in section 4.0 of the Executive Summary, Part I of this Final Report. The Division has decided to adopt the Core Program design option recommended by Abt Associates for implementation as the short-range phase of the SUI development plan. The major characteristics of the recommended design option are detailed in section 4.5.3.3 (pages 133-137) of the Alternatives Report and briefly summarized in Part I of this report (section 4.3).

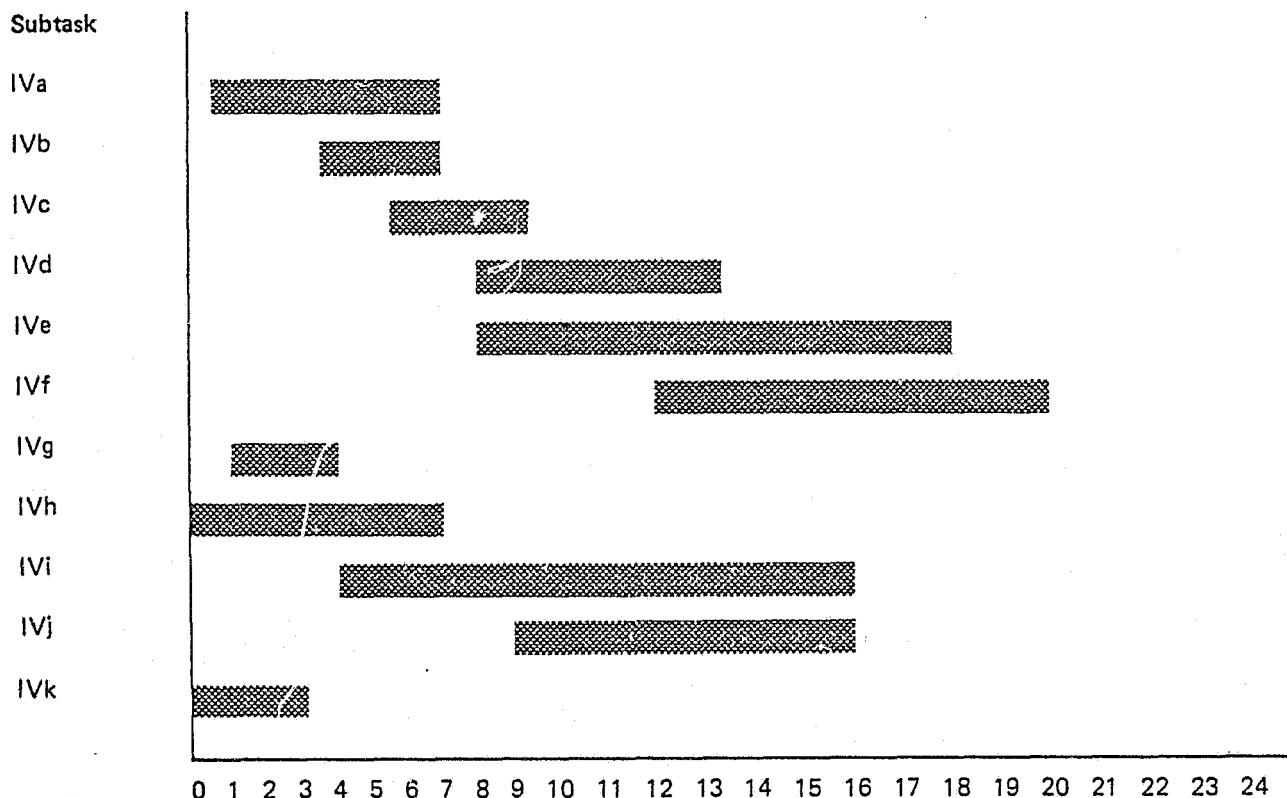
Start-up and phase-in of this program concept has been designated as Task IV in this overall implementation plan. The subtasks to be performed under Task IV are listed below.

- Subtask IVa Develop detailed programmatic linkages between SUI shops and Vocational Education courses. Skills and shop practices should be consistent with the SUI shop job offering which in turn should adhere to private industry standards for the same or similar positions. Curricula for the Voc Ed/SUI program should be developed jointly by knowledgeable vocational rehabilitative personnel, SUI shop officials, SUI vocational counselors, and, at a minimum, reviewed by private industry representatives knowledgeable of the specific shop operations in question. This subtask must be coordinated with Subtask IIb (specification of inmate admission criteria) in order to insure compatibility of inmate assessment and assignment criteria with the individual Voc Ed/SUI program offerings. Similarly, this subtask must be coordinated with subtasks IIe and IIf (development of inmate progress evaluation procedure and training of all associated Department personnel) to insure that appropriate inmate Training Achievement Records are developed and that all significant participants are thoroughly briefed and oriented to the design, goals, and limitations of the program offerings established through the linkage of SUI and Vocational Education.
- Subtask IVb For the 100 job slots reserved for long termers who will not enter vocational education courses prior to entering SUI shops, develop a program of on-the-job training sufficient to insure at least minimally acceptable skill levels for SUI job assignments. This OJT program should be developed by the SUI shop supervisor and the SUI vocational counselor with review and technical assistance from a knowledgeable private industry representative.

- Subtask IVc Shop supervisors, foremen, vocational education instructors and other relevant personnel should be provided an in-depth orientation to the program's goals and objectives and policies and procedures. The shop personnel and vocational education instructor(s) associated with each SUI/Voc Ed linkage must be given in-service training in the use of the curricula associated with their specific program linkage. These individuals must be encouraged to operate as a training team even though they function at separate institutions and relate to a given group of inmates at different points in time. SUI Vocational Counselors should provide leadership and coordination for the team.
- Subtask IVd Screen and select the 100 long term inmates who will participate in SUI shops using the assessment tools developed under subtask IIb. Develop rehabilitation plans and/or MAP contracts with those inmates and phase them into their respective shop assignments as slots become open due to natural turnover and/or reassignment of ineligible inmates.
- Subtask IVe Screen and select inmates for participation in the vocational education/SUI program sequences according to criteria and using assessment techniques developed under subtask IIb. Develop MAP contract for each inmate (to be developed by SUI vocational counselor, classification counselor and MAP officials with approval of the Parole Board) and phase into vocational education as slots open. Inmate flows to be managed in the short term using the system developed under subtask IIId.
- Subtask IVf Select SUI shops which can most benefit financially from operation of a second shift. Institute second shift, employing minimum security graduates of relevant vocational education courses.
- Subtask IVg Identify and recruit experienced private industry representatives to participate on SUI shop-specific Advisory Boards. The SUI General Monitor and the Commissioner of Corrections should take personal responsibility for this critical undertaking.
- Subtask IVh Initiate and execute plans for the establishment of up to six vocational education courses at MHC and MCI. Submit plans and budget to State and/or other funding sources by 12/76.
- Subtask IVi Initiate and execute plans for development of four new SUI shops (light industry and repair shops). Detailed market and feasibility studies should be carried out and documented with contractor assistance.

- Subtask IVj Establish linkage between the SUI/Voc Ed skills training and work experience program and the Division's Offender Employment and Follow-Through program to insure that proper job development, job placement, and follow-through services are provided to each inmate "graduating" from the program. SUI vocational counselors should take responsibility for effecting this linkage. This subtask should be coordinated with subtask IIb, IIe, IVa, and IVb to insure that eligibility criteria, skills training curricula and achievement measurement techniques are consistent with employer requirements on the open job market in which inmates must compete after release.
- Subtask IVk Obtain official Attorney General opinion on the legality of marketing SUI services and products to associations such as the Maryland Classified Employees Association (MCEA). An opinion in the affirmative would greatly expand the SUI market, thus enhancing revenue generation and expansion potentials.

The timeframe for task execution is as follows:



2.5 Program Financing

Task V deals with the financing of the new program. As summarized on page 137 of the Alternatives Report, the Core Program, if fully implemented, will require up to \$1,075,000 to be invested in new capital facilities and equipment and approximately \$208,000 in salaries for 14 new staff and up to \$50,000 in start-up capital for new shops. Several options should be considered for obtaining the required funds. For example, the salaries of new staff can be largely covered by SUI if security costs are transferred to Division budgets as recommended. Capital Facilities might be included in the Division's Master Facilities Plan and funds requested at the beginning July, 1976 when the Division's capital budget is submitted. Alternatively, funding for facilities and equipment and/or operating funds might be requested of DOL and/or LEAA in a proposal for demonstration program funding; the innovative nature of the proposed program concept should be attractive to federal funding sources interested in state-of-the-art advancing programs for inmate training in an industrial environment. Also to be considered is a fund raising mechanism proposed for use in the State of Oklahoma which involves increasing the prices of license tags by a modest sum (between \$.25 and \$1.00 per tag) as a means of generating capital for reinvestment into the program.

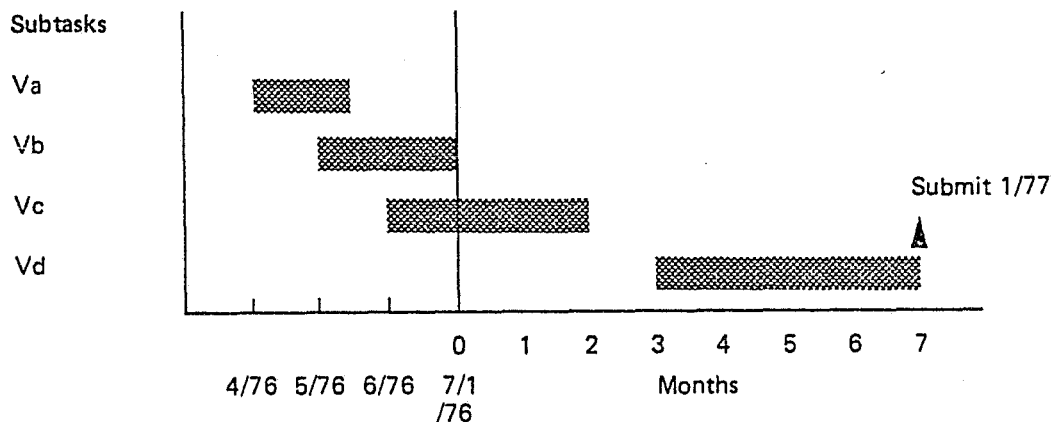
Following is a summary of the subtasks which should be performed to facilitate program financing.

- Subtask Va The rough estimates of required capital facilities and equipment costs and operating funds provided in the Alternatives Report should be refined through detailed studies and cost analysis on the basis of solicited quotations and documented experience.
- Subtask Vb The output of Task Va should be used as the basis for a budget request to the State to cover costs that neither the Division nor SUI can cover from existing sources.
- Subtask Vc A detailed proposal for funding of the new SUI industrial training and work experience concept as a demonstration program similar to that in progress in Connecticut should be developed and submitted to LEAA and DOL.

- Subtask Vd Determine the feasibility of instituting a "tag tax" as a means of generating revenue for reinvestment in the SUI program. If feasible and desirable, submit to legislature for consideration.

Because of the desire to have the Core Program implemented within the next two years or so, it is critical that all avenues for financing be explored as soon as possible. Capital budget requests to the State must be submitted by July 1st each year. Consequently if Subtask Va could be completed between April and June 1976, a request (Vb) could be submitted as early as July 1, 1976. Execution of Subtask Va in this timeframe would also facilitate submission of proposals for federal funding during the early portion of fiscal 1977. It is recommended that the Division give priority to Tasks Va, Vb, and Vc and act within the timeframes outlined above.

The timeframe for execution of Task V should be as follows:



2.6 Ongoing Monitoring, Evaluation and Technical Assistance

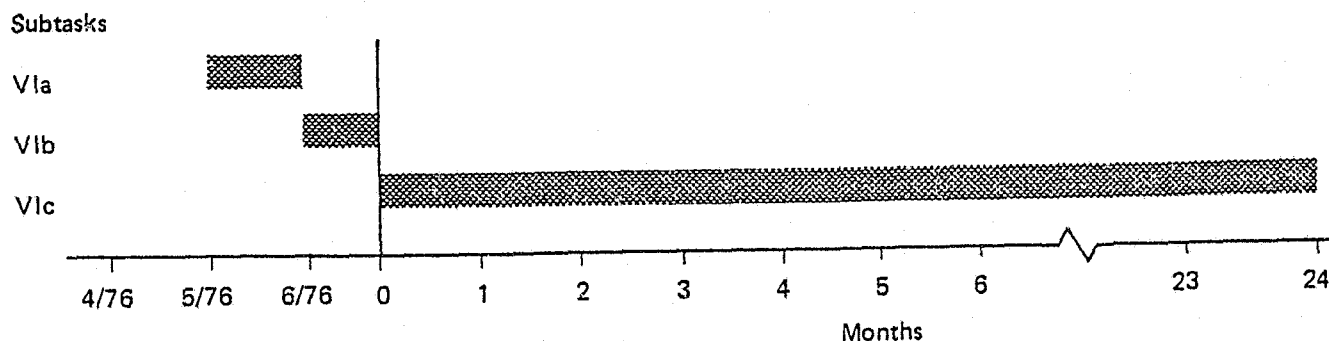
In order to insure that the various tasks and subtasks are carried out according to the plan and on schedule, it will be necessary to provide for ongoing monitoring and evaluation during the implementation process. This is designated as Task VI. A simple, manual system involving written progress reports on subtask execution and periodic meetings of key officials to discuss problems should suffice. Given the number of tasks and subtasks involved, and the short timeframe allotted for their execution, staff support and technical assistance should be provided for through engagement of a contractor or several contractors as appropriate. To avoid the time consuming aspects of multiple procurement processing it is recommended that one contractor be hired on a Basic Ordering Agreement (BOA) arrangement. Under the

BOA the contractor would be responsible for providing general staff support as well as specialized technical assistance as requested by the Division and/or SUI management through the issuance of individual "task orders." Services would be provided either by contractor staff or through more specialized consultants and/or subcontractors as deemed appropriate by the contractor and the Division on a task-by-task basis. In addition to general staff support and technical assistance, a "task order" might be issued at the outset of the contract for ongoing monitoring and evaluation as described above. Design and conduct of market and feasibility studies or special surveys are examples of other possible "task orders" that might be issued.

Following are the subtasks to be performed:

- Subtask VIa Develop scope of work for staff support and technical assistance contractor. Select contractor.
- Subtask VIb Develop procedures for ongoing monitoring and evaluation of the implementation process.
- Subtask VIc Execute ongoing monitoring and evaluation procedures.

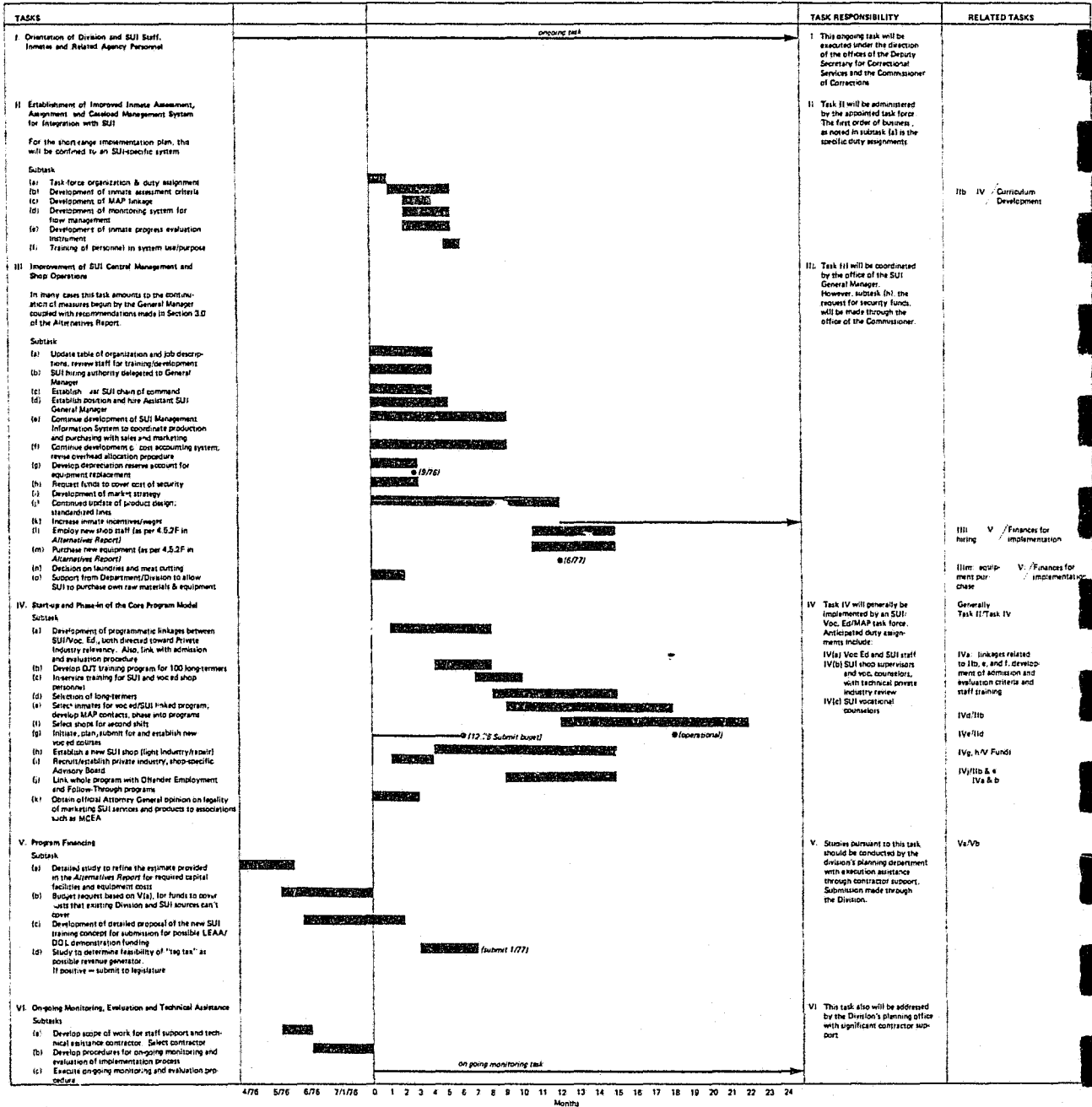
The timeframe for subtask execution is shown below.



2.7 Summary View of the Short-Range Implementation Plan

The following chart summarizes the schedule for execution of the tasks and subtasks that are required to implement the Core Program model. The chart also specifies the primary officials that should be responsible for each task and indicates subtasks which should be coordinated during their development and implementation.

SUMMARY SCHEDULE: TASKS REQUIRED TO IMPLEMENT THE CORE PROGRAM MODEL



3.0 Tasks Oriented to the Longer Range Development of SUI

At a minimum, the longer range (3-10 years) development of the new SUI program should involve the continued expansion of the Core Program if it proves to be successful vis-a-vis achievement of stated goals and objectives. New shops should be added as new products and markets are identified through ongoing market research; provision for inmate skills training linkages should be made as opportunities for expansion of the Core Program arise.

In addition to expansion of operations under the Core Program, the Division is interested in investigating the feasibility of innovative techniques for involving private industry in its inmate training and work experience program (i.e., involvement beyond participation on shop-specific advisory boards as provided for under the Core Program). Issues related to private industry involvement in correctional industries and some general models for effecting involvement at various levels are discussed in detail in Section 4.6 (pages 138-179) of the Alternatives Report. Section 4.6.3 of that same report summarizes the findings of a "mini" telephone survey conducted by Abt Associates to determine the incidence, forms, and degrees of private industry involvement in correctional industry programs operated in other states.

Overall, the results of the mini-survey are disappointing in that no documented experience with substantial private industry involvement in prison industries exists from which data useful to the planning process for Maryland SUI can be drawn. It has become evident that if substantial private industry involvement in SUI is desired by Division officials, efforts must be undertaken within the State to determine the feasibility of alternative models for such participation.

On March 10, 1976 the Abt Associates Project Director of this study met with officials of the Maryland Department of Economic and Community Development to ascertain their interest in assisting in the involvement of private industry with SUI in some capacity. In attendance was the Director of the Division of Business and Industrial Development and representatives of the State Office of Minority Business Enterprise. A great deal of interest was indicated by these officials. It was felt that the best way to

proceed is to conduct a mail survey of selected industries within the State to determine the degree and form of interest in participating. A questionnaire similar to that used by South Carolina is preferred. This document outlines the incentives offered by the State for various levels of participation (e.g., location of new plants near correctional institutions and employment of inmates) and solicits private industry participation. The benefits of such participation are also enumerated (see Section 4.6.2.4 of the Alternatives Report for this enumeration). The Director of the Division of Business and Industrial Development (DBID) felt that the initial survey should be confined to firms already operating in Maryland. The results should be viewed as an indicator of private industry interest; only if positively interested would the invitation to participate be extended to industries that DBID is trying to attract to Maryland. Understandably, DBID does not want to jeopardize the State's chances of attracting new industry by seeming to "push" involvement with prison industries without some indication that the concept is attractive to private industry.

The DBID Director speculated that SUI-supplied training would not in and of itself be viewed as a special incentive to private industry participation. Apparently, the State already offers a form of customized vocational training as part of its standard industry location incentive package. Low inmate wage rates and low cost land sold or leased by the Division were considered to be the most likely incentives. He further speculated that minimum wage-type industries are most likely to be attracted by this proposition. The following industries were cited:

- small electronics assembly
- wood pallet construction
- food processing
- shingle manufacture
- sewing and garment production.

Clearly, the survey is the most rational first step to determine the feasibility of private sector involvement in SUI. DBID has offered to select the sample of industry respondents and design the questionnaire/brochure. Printing can be performed by the SUI print shop at cost. It was therefore recommended that such a survey be conducted at the earliest possible date and that its design and administration be coordinated between the Division of Correction and DBID.

Since the finalization of the Alternatives Report one specific possibility for involvement of private industry has been further investigated at the request of Division officials. The Edo Corporation of College Point, New York, was contacted by Abt Associates' staff to discuss that firm's interest in expanding its involvement in correctional industries programs to Maryland. In 1973, Edo entered into a contract with the New York State Department of Correctional Services to develop new and intensive occupational training programs for the minimum security Albion Correctional Facility in Albion, New York. Edo essentially developed two training programs involving linked classroom training and production activities in fiberglass work and electronics. The effort was performed on a Turnkey contract basis; under this arrangement Edo was contracted to design, set-up, and initiate each of the programs which were then turned over to State personnel for ongoing management and operation.

In a recent conversation between an Edo representative and Abt Associates staff, it was revealed that Edo does not recommend replication of their program model on a Turnkey contract basis. Their current feeling, based upon the Albion experience, is that the state officials are not usually organized and staffed properly to take over management of the training and production activities as provided for under the Turnkey arrangement. The Edo representative strongly recommended that a more viable model would provide for continuous involvement by the private industry firm in the management of such programs on a contract services basis. This type of involvement is most attractive to Edo.

Also discussed with the Edo representative was the possibility of that firm independently establishing a plant adjacent to correctional facilities in return for certain preferential treatment and relocation incentives. The Edo representative responded that the only possible incentive that is not already offered in traditional industrial location incentive packages offered by most states (not involving required use of inmate labor) is exclusive access to the "captive markets" afforded by SUI legislation. Even if this were legally possible, however, the Edo program manager expressed some skepticism regarding the attractiveness of such arrangements to most reputable firms.

In summary, Edo appears to represent a viable option if the Division chooses to experiment with "contracting out" the design and management of new training and production activities over the longer term. This possibility

should be further investigated, perhaps in concert with program development activities associated with the new inmate housing complexes scheduled for development.

Edo is particularly interested in the development of Fiberglas production operations. Clearly, an analysis of the market for fiberglas products within the SUI market and an analysis of the demand for labor skilled in fiberglas production and related and ancillary skills in the Maryland labor market must be performed in order to determine the feasibility and desirability of this specific proposal.

Detailed research and planning for the longer range development of SUI vis-a-vis private industry involvement is designated as Task VII of the overall implementation plan. The following subtasks should be executed:

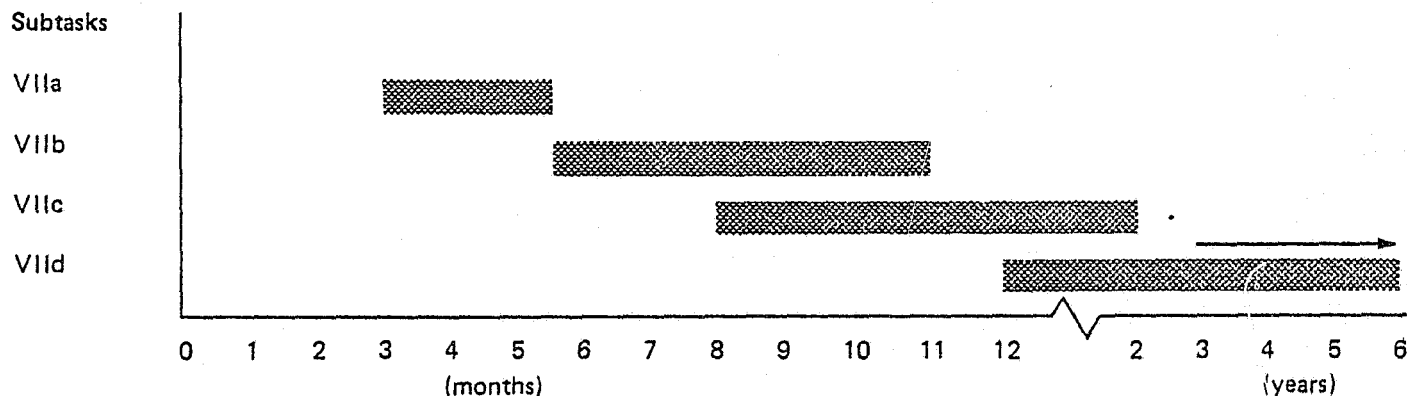
- Subtask VIIa Design of survey, in conjunction with the State Department of Business and Industrial Development, to identify the degree of interest by selected Maryland firms in involvement in the longer-term development and expansion of correctional industries and other inmate work opportunities. Contractor assistance in this survey design and sample selection process should be considered in order to insure adequate technical design and expeditious development.
- Subtask VIIb Implement survey designed under VIIa, analyze results, and prepare a report on findings and recommendations for proceeding if some substantial interest is indicated.
- Subtask VIIc It is likely that private industry involvement beyond advisory and management contracting options will require the sale of products produced with inmate labor on the open market. This will require the enactment of new legislation to enable such sales activities. Similarly, if SUI service and repair operations want to compete in certain private sector markets, as has been indicated by SUI management, enabling legislation will be required. Therefore, a taskforce composed of representatives from SUI management, the Division, and the technical assistance contractor should investigate alternative models for new legislation and draft and introduce such a bill in time for consideration during the 1978 legislative session. This subtask should be coordinated with the analysis of the private industry survey, Subtask VIIb and SUI market strategy development.

• Subtask VIId

If private industry candidates for involvement are identified by the survey, coordinate design and development of detailed plans with the planning and development of activities associated with the development of the new medium security institutions proposed for development in Hagerstown and/or Jessup and possible new locations in the state.

The suggested timeframe for the design and implementation of the private industry survey (Subtasks VIIa, VIIb, and VIIc) is indicated below. Subtask VIId and subsequent long-range planning efforts involving private industry-based developments will depend upon the outcome of the survey. If determined feasible, such developments will not likely come on-line before year five or six because of the capital construction and investment orientations of such developments.

Subtasks



CONTINUED

1 OF 2

Summary Schedule: Tasks Keyed to Implement the Long Range Plan

Task VII: Development of Long Range Plan

Subtasks:

(a) Design of private industry survey to establish extent of willingness to become involved with SUI

(b) Implement survey, analyze results and plan procedure; substantial interest exists

(c) Draft new legislation to allow sale to private sector markets; introduce to the legislature

(d) If private industry candidate is identified, design and develop plan and coordinate it with new medium security institutions at Jessup, Hagerstown and possible other locations in the state

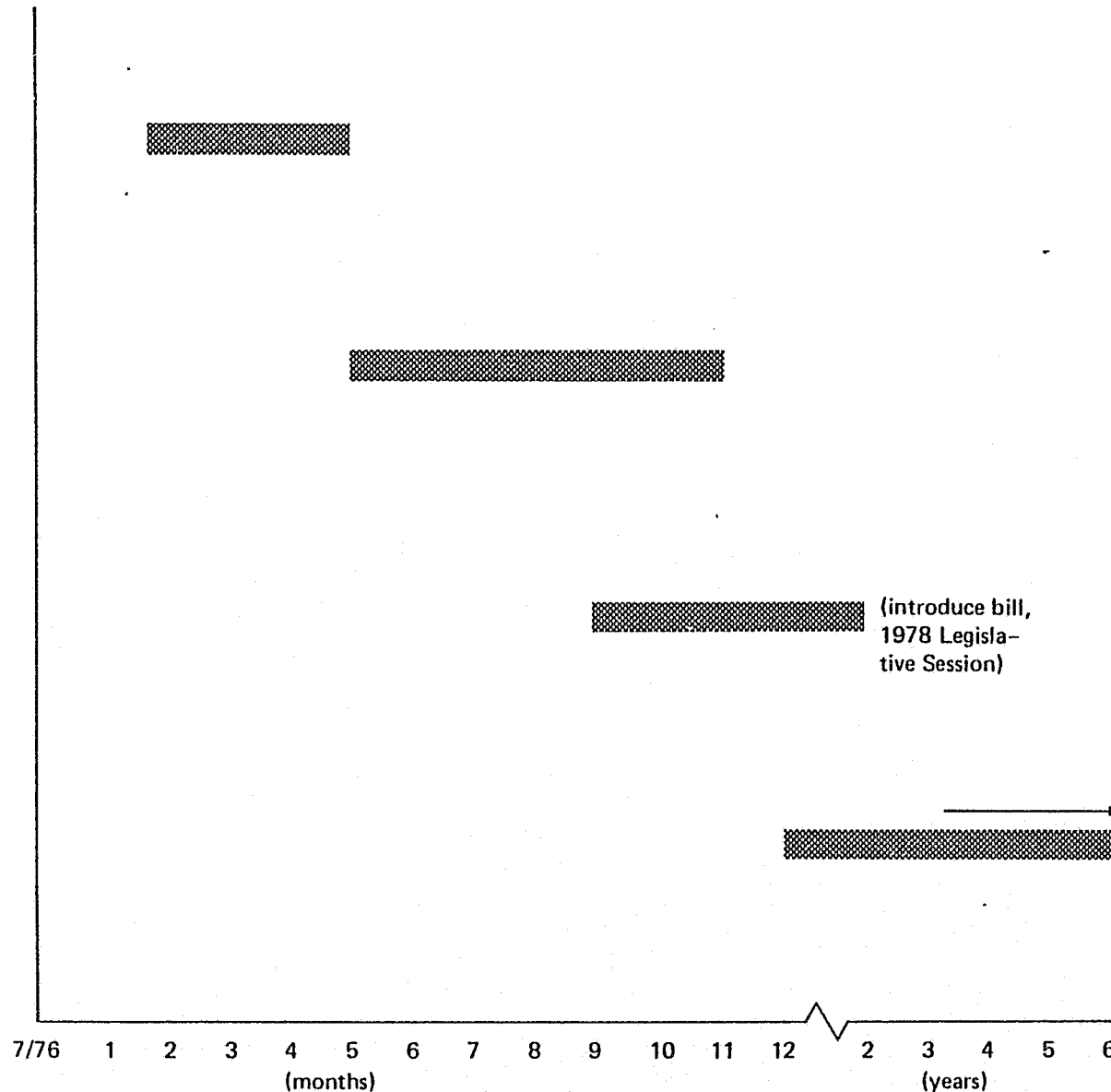
Task Responsibility

VII(a) Division Planning office should coordinate, with contractor assistance, and with the State Department of Business and Industrial Development

VII(b) Survey conducted, and results drafted by contractor

VII(c) Taskforce, including
—SUI Management
—Division
—Contractor

VII(d) Department and Divisional staff along with the Industry selected



4.0 Organizational Issues which Affect the Long Term Development and Operations of SUI

Division officials and SUI management requested that Abt Associates consider the question of "what should be the organizational relationship between the Division and SUI over the longer term?" This section explores the various issues which underlie this important question.

As described more fully in previous reports prepared under this contract, historically SUI operated strictly as a high-production oriented, profit-making enterprise which was the dominant inmate activity at each of the institutions. The focus on inmate training was strictly in terms of the skill needs of SUI production operations. No emphasis on rehabilitation or the skill needs of the external labor market existed. The raison d'etre of SUI was to generate products to promote its own internal self-sufficiency, to provide for the product needs of the state and related institutions, and to return revenue to the State Treasury.

However, beginning in fiscal year 1967, a series of events took place which adversely impacted SUI's revenue generation capacity. These included increased emphasis on rehabilitation programming at the national and state levels, the State's decision to shift from use of an annually replaced license tag for motor vehicles to a tag to be replaced once every five years, and the failure of SUI management to respond to an Attorney General's ruling which effectively required SUI to become more competitive in terms of price and product quality in order to receive procurement contracts from the State. All interacted to drive SUI into a deficit situation.

This situation in turn led legislative auditors to recommend in 1970 (in the Helmuth Audit) to shift SUI goal priorities away from revenue generation as the primary goal and to adopt a dual goal structure:

"The Division of Correction should immediately develop and implement a plan that will direct SUI toward rehabilitation as its primary objective. The profit motive of SUI must be a secondary objective but yet basic to SUI's manner of operation. SUI must serve to rehabilitate inmates in the atmosphere of an efficient and successful business activity." (Emphasis added)

This dual goal structure has been adopted for SUI and, indeed, the program recommendations resulting from this study are all structured so as to improve SUI's ability to achieve these goals. Among the recommendations

offered are several which call for the transfer of authority for certain key decisions to the SUI General Manager. For example, hiring authority for SUI personnel should be vested in the SUI General Manager, not in the managing officers of institutions that host SUI. Similarly, SUI management must play a key role in the selection and evaluation of inmates assigned to its shops to insure that a suitable workforce is available for its production needs. SUI must be accountable for only those costs associated with the operation of its business, production, and training functions. In order to obtain the most advantageous prices on raw materials for production, SUI should be delegated the authority to do its own purchasing. Industries Managers and all other SUI personnel should report to the SUI General Manager through established lines of authority within the SUI organization.

These and other recommendations made by Abt Associates clearly express our view that SUI management should have the authority to make routine business decisions consistent with its mandate to generate revenue and train inmates "in the atmosphere of an efficient and successful business activity."* The organizational implications of this position boil down to the fact that SUI management, not other managing officers within the Division, must have total control over the business, production, and training functions of SUI. The SUI General Manager should be operationally and fiscally accountable to the Commissioner or his designee for all matters concerning SUI operations. The Commissioner should in turn develop and enforce policies and procedures regarding SUI which are consistent with SUI's stated goals and goal priorities.

The issue of whether or not SUI can survive as a revenue generating business operation within the context of the State bureaucracy clearly must be addressed. Given the financial condition of SUI at present, the adverse financial effects of, for example, having to pay merit system wages to state employees for functions that cost comparable private industry firms somewhat less are easily detectable, as are the effects of not being able to stimulate increased labor productivity through the use of monetary incentive systems because of merit system prohibition. It can be effectively demonstrated that these and other similar attributes of operation within the context of a state bureaucracy have adverse effects upon SUI's ability to

* Helmuth Audit.

to operate as a business and generate profits. Does this mean, therefore, that SUI should be "spun-off" as a separate (perhaps corporate) entity in order to remove these apparent barriers to efficient business operations?

Were SUI's primary goal the generation of profits from business operations, with training and rehabilitation in a secondary role, the answer to this question could more easily be given in the affirmative. However, while SUI does in fact pursue both goals, goal priorities are just the opposite--inmate training and rehabilitation is clearly the primary goal. Indeed, to facilitate SUI achievement of this primary goal, recommendations for program development emanating from this study stress the linkage of SUI with other Division activities such as inmate assessment and assignment functions, academic and vocational education, MAP, and job development and placement functions. The main underlying theme of these recommendations is the integration of existing Division resources, including SUI, into an effective inmate rehabilitation program. The business character of SUI is seen as part of the means to achieve desired rehabilitation results, not an end in itself. Consequently, a complete organizational separation of SUI from other Division programs is inconsistent with SUI's primary goal. Adverse financial effects on SUI business performance resulting from these program linkages may well represent essential economic tradeoffs that SUI and the Division must make in order to achieve desired rehabilitation benefits. In cost-benefit terms, this may indeed be the most rational choice. Clearly this complex issue must be resolved on the basis of analysis of empirical data, not the idle speculation which can be offered at this time.

Overall we feel that the need for organizational change beyond the recommendations offered in this report is not clearly demonstrated at this time. The need for change over the longer-term development of SUI cannot accurately be predicted at this time. This will be largely a function of whether the Core Program proves to be effective under the recommended design and whether or not substantial private industry involvement is incorporated at some point in the future. If the latter situation pertains, it is likely that the nature of the organizational relationship between private industry managed shops and the Division will be a subject to deal with during formal contract negotiations between the two parties.

END