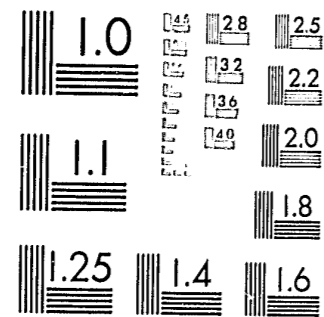


National Criminal Justice Reference Service



This microfiche was produced from documents received for inclusion in the NCJRS data base. Since NCJRS cannot exercise control over the physical condition of the documents submitted, the individual frame quality will vary. The resolution chart on this frame may be used to evaluate the document quality.



MICROCOPY RESOLUTION TEST CHART
NATIONAL BUREAU OF STANDARDS-1963-A

Microfilming procedures used to create this fiche comply with the standards set forth in 41CFR 101-11.504.

Points of view or opinions stated in this document are those of the author(s) and do not represent the official position or policies of the U. S. Department of Justice.

National Institute of Justice
United States Department of Justice
Washington, D. C. 20531

1/11/84

U.S. Department of Justice
National Institute of Justice

This document has been reproduced exactly as received from the person or organization originating it. Points of view or opinions stated in this document are those of the authors and do not necessarily represent the official position or policies of the National Institute of Justice.

Permission to reproduce this copyrighted material has been granted by

Mitchell Silverman, Ph.D.
University of South Florida
to the National Criminal Justice Reference Service (NCJRS)

Further reproduction outside of the NCJRS system requires permission of the copyright owner.

MISSION FOR THE EIGHTIES: A FREE ENTERPRISE
PERSPECTIVE FOR FLORIDA PRISON INDUSTRIES

STAR #81-016
(Florida Department of Corrections)

Mitchell Silverman, Ph.D.
Leo Galizio, B.A.
Leslie M. Schwartz

August 31, 1982

90472

The opinions expressed in this report are those of the project staff and not the University of South Florida, the Board of Regents, or the Florida Legislature.

TABLE OF CONTENTS

INTRODUCTION	1
Historical Perspective of Prison Industries	1
Contemporary Concepts Effecting Prison Industries	5
Statement of Purpose	9
Mission	10
Issues and Problems	15
Issues and Their Resolution	18
Free Venture vs. Traditional Approaches	18
Private Sector Involvement	20
Consolidation and/or Diversification	21
Fragmentation and/or Centralization	22
Market Priorities	23
Capital Demand	25
Agriculture and Related Businesses	26
Inmate Motivation	27
Inmate Employee Selection and Retention	29
Flexible vs. Fixed Operations	30
Profits and Losses	31
Vocational Education	32
Staffing Industries Programs	33
SUMMARY	34
REFERENCES	35

NCJRS
JUL 19 1977
ACQUISITIONS

INTRODUCTION

Historical Perspective of Prison Industries

The current emphasis on industries as an essential component of correctional programming can be considered an idea revisited. The contemporary American Prison, including those operated by the State of Florida, is the direct descendant of the Auburn Prison built in 1816 in Auburn, New York. At the core of the Auburn System was the development of a program designed to take advantage of the power machinery being developed as a result of the Industrial Revolution.

Historically, a number of different philosophies have evolved related to prison industries and the use of inmate labor. Barnes and Teeters (1959) identified six approaches (seven, if you count agricultural enterprises as a distinct type) for the use of prison labor in the United States. These authors noted that one of the earliest forms was the contract system in which prison laborers were let out to an outside contractor who often furnished the equipment and materials and provided the supervision necessary to make the product. Under this system, the only responsibility that the prison administrators had with respect to the industries program was to provide guards for the maintenance of security.

The second system discussed by Barnes and Teeters (1959) was the piece-price system which, in fact, was a variation of the contract system. This approach consisted of the contractor supplying raw materials to the institution from which the inmates fabricated a finished product. Upon delivery of the product, the contractor paid the prison an amount for each unit manufactured. One of the major advantages of the piece-price system was that there

was less opportunity for exploitation of the prisoners since the work supervisors were employed by the institution.

Perhaps the most punitive approach with respect to the use of prison labor was the lease system. Under this system prisoners were turned over to contractors who exercised total control over their lives, including maintenance and discipline (Barnes and Teeters, 1959). Prisoners employed in this manner worked primarily in such outside occupations as quarrying, agriculture, road construction, stoop-labor, etc. Because of the excessive abuses of the lease system, the practice was abolished in every state by 1936.

The fourth approach has been called either the "public account" or "state account" system. In this case there are no outside contractors responsible for the operation of the prison industries or supervision of inmate labor. Instead, production is totally controlled by the state with the goods manufactured being sold on the open market. The profits generated from sales are used for the mutual benefit of both the taxpayer and prisoner. Possibly the best example of this type of system is the prison industries program operated by the State of Minnesota which has been in continuous operation since the early 1900s.

Started initially to make agriculturally related products, such as cor- dage and farm implements, the Minnesota industries program has recently expanded its product lines in cooperative ventures with a number of different private enterprises. Examples of this type of cooperation are the "Joint Venture" programs with Controlled Data Corporation at the Stillwater Correctional Facility and the telephone refinishing industry with the Bell System at the Lino Lakes Correctional Facility. In addition to these operations that produce products to be used solely in the private sector, other industries have been developed that provide products to both private consumers and

governmental customers. These products include furniture, printing, license plates and tabs, etc. (Minnesota Department of Corrections, 1979a, b, c, d).

Possibly the most widely used type of approach to inmate labor is the State-use System. In this case articles produced in a correctional institution are only sold to state supported institutions and agencies. A variation of this approach is used in Florida in which prison industries are also allowed to sell their goods to governmental entities outside of the state. However, it should be noted that state-use systems are only as good as the legislation used to create them. Unfortunately, the same laws providing for the creation of state-use industry programs often contains language placing restrictions on their development that inhibits them from becoming successful enterprises.

A number of the restrictions stem from limitations in the statutes on the types of products that state-use systems are allowed to produce. These limitations frequently are the direct result of pressure from companies and labor organizations in the private sector. Because of these vested interests, the goods produced in prison industries, many times, are of a type that have limited marketability even within the confines of the restricted marketplace in which these programs are allowed to operate. Other problems that have been noted to negatively affect state-use plans are petty graft, poor supervision of compulsory purchase agreements, and limited sales and product development capabilities.

Barnes and Teeters (1959) note a sixth approach to use of the inmate labor pool which they call the "public works and ways" system. In this system inmates are used in the construction and maintenance of streets, highways, and other publically supported facilities. In Florida, an extensive road prison system has been developed by the Department of Corrections to provide services using the inmate labor force to the Department of Transportation. These

services are provided on a contract basis and are related to projects designed to meet the extensive maintenance needs of the road system in Florida. In addition, inmate labor is used to provide services to state agencies and institutions, other than the Department of Transportation, on a project-by-project basis. These services include painting, moving, gardening, and similar types of activities.

The last major type of prison industry that must be discussed is agriculture. This approach to the use of inmate labor has traditionally received a large degree of support from legislators, many of whom come from rural backgrounds. Barris and Teeters (1959) present the following advantages of prison agriculture: 1) little, if any, legislative restrictions; 2) higher quality diet for the inmates than would be possible if all food stuffs were purchased with funds available in prison budgets; 3) health and fitness related to working outdoors; and 4) the impact of working outside of the prison walls in terms of readjustment to community life. In addition to the farm operations which grow fruits, vegetables, and livestock, prison agriculture has spawned a number of related industries in order to process the raw products produced in the fields. Examples of these operations in Florida are the meat packing plants, cannery, and dairies.

Unfortunately, many of the positive hopes for the agricultural approach to the use of inmate labor have not materialized. A number of reasons can be given for the lack of such programs realizing their potential including those based on economic realities, management problems, geography, and inmate characteristics. In most instances, the products of prison agriculture are consumed within the correctional systems in which they are produced and, at best, are marginal in terms of being self-supporting. Their importance

appears to be tied to antiquated notions that work on the land has some rehabilitative impact beyond keeping the worker busy regardless of the inmates' previous background.

In summary, a number of different systems have evolved for the industrial use of inmate labor in the United States. As noted above, a number of these approaches are still being used, with some modifications, in both the Federal and state prison systems throughout the United States. The degree to which these programs are successful is difficult to assess for there appears to be a lack of uniformity in terms of goals, objectives, and standards that can be used in evaluating a given program's progress.

Contemporary Concepts Effecting Prison Industries

Even though the systems discussed above still form the basis of many of the prison industries operating in the United States today, there have been several recent philosophic approaches that have had significant impact upon contemporary uses of inmate labor. The first of these approaches was derived out of the treatment models and orientation which were the vogue in the field of corrections during the 1950s, 1960s, and early 1970s. During this period, prison industries became part of the overall rehabilitative missions of the institutions in which they were housed. They were viewed as an important mechanism for teaching the occupational skills and positive work attitudes felt to be necessary for successful re-entry into the community.

However, by the early 1970s, evidence was starting to accumulate that the great promises made for the treatment approaches were not as easy to achieve as treatment advocates had hoped. The hopes for the rehabilitative benefits of employing inmates in prison industries also failed to live up to the expectations that prison administrators had for them. In addition, by

justifying industry programs on the basis of their rehabilitative potential, many operations were continued that under other criteria would have been phased out for being inefficient or non-productive. Unfortunately, many of the prison industries that continue in operation at the present time are those which should have been closed because they are cost inefficient.

As the integration of prison industries into the rehabilitative and treatment models became suspect, workers in the field of corrections started to reevaluate prison industries in terms of more traditional business standards. Industries were being assessed with respect to how well they were doing as business entities instead of how many inmates they could employ in a "make-work" situation. At the same time, with rehabilitative concepts falling into disfavor, prison industries became the correctional program of the 1970s to legislators, governors, and other influential persons who have an impact on public policy. However, many of these individuals have unrealistic expectations of industry programs with respect to production and profits.

In light of the renewed interest in prison industries as a central element in correctional programming, a second major concept has generated a great deal of interest during the past several years with regard to the operation of these programs. Known as the Free Venture Program, this second approach had its beginnings as a project funded in 1975 by the Law Enforcement Assistance Administration of the U. S. Department of Justice, with the contract being awarded to ECON, Inc., who along with the American Foundation, Inc., carried out the first phases of its development. According to Schaller and Sexton (1979), the Free Venture Model embodied the following objectives:

1. Workers should be exposed to a realistic work environment, including:
 - a. a full work day;
 - b. prisoner wages based upon work output;

- c. productivity standards comparable to those of outside world business;
 - d. hire and fire procedures, within the limits of due process rights; and
 - e. transferrable training and job skills.
2. Prisoners should partially reimburse the state for custody and welfare costs as well as restitution payments to victims.
3. Prisoners should gradually be prepared for release into the community.
4. There should be fixed responsibility, with financial incentives and penalties, for job placement of prisoners upon release into the community.
5. Prison industries should receive financial incentives for successfully reintegrating offenders into the community.
6. Prison industries should be self-supporting or profit-making business operations. (p. 5)

After testing these objectives in a pilot program in Connecticut, ECON submitted its recommendations with the result being that LEAA redefined Free Venture and funded demonstration programs in Connecticut, Minnesota, and Illinois. As Schaller and Sexton (1979) pointed out, the new LEAA definition of Free Venture centered on six program characteristics.

1. A full work day for prisoners, with the length of the day defined by the correctional employee's work day.
2. A wage based on production, with differentiation among workers by skill level where feasible, and the base level of wage significantly higher than the typical payment made to non-industries prisoners.
3. Productivity standards comparable to "outside" industry, taking into account worker skill levels and extent of automation.
4. Final responsibility for hiring and firing industry workers resting with industrial management, after preliminary screening of the total work force by custodial or classification staff.
5. Self-sufficient to profitable shop operations within a reasonable period of time after start-up.

6. Industries coordination with applicable correctional and other agencies assigned the task of placing released prisoners in jobs, to maximize the impact of the prisoner's industrial work experience. (p. 6)

These six characteristics or principles which form the basis for the Free Venture philosophy can be applied to a variety of prison industry contexts. As noted earlier, the State of Minnesota, one of the LEAA demonstration sites, uses a contemporary version of the "public account" or "state account" system in which prison industries sell their products on the open market. In Connecticut and Illinois, the Free Venture programs were initiated in prison industries operating under the "state-use" approach. It is important to note that the Connecticut program has met with substantial success, while the Illinois project has had considerable difficulty in starting up its operations. In the latter case, the failures were attributed to a lack of cooperation on the part of the industrial management staff with the custodial personnel, especially the wardens (Schaller and Sexton, 1979).

One of the most interesting of the prison industry programs, while not one of the three original Free Venture projects, is Zephyr Products Inc. in Leavenworth, Kansas. Zephyr Products is an experiment in the use of free enterprise in a prison setting. The idea of Fred Braun, a successful Kansas businessman, who helped underwrite the start up costs himself, Zephyr Products is a typical machine shop operating right outside the fences of the Kansas Correctional Institution at Lansing. According to Fedo (1981), Zephyr hires men and women of all skill levels with the inmate's attitude felt to be the critical variable. Only inmates who have gained minimum security status are eligible for employment at Zephyr. Inmates who qualify to work in the program are first screened by prison officials with the final selection being done by Zephyr civilian employees. The inmates selected to work in the program must

have a minimum of one year left on their sentences so that the company will derive some benefit from the training it gives to the inmate employee.

Inmates receive compensation at a rate of \$3.35 per hour plus a \$2.00 per week bonus for good attendance. In addition, inmates are allowed to participate in a stock option program so that they have a stake in the growth of the company. They also earn sick days and vacation time, which can be taken in cash if the inmate does not have furlough privileges. The inmates pay the state \$35.00 per week for room and board (Fedo, 1981).

In summary, as the influence of the rehabilitative and treatment approaches upon the field of corrections began to wane, prison industries, more and more, were being viewed in terms of acceptable business practices. The Free Venture concept was a direct result of this movement and reflects an attempt to put prison industries on a sound business footing. Unfortunately, as the business and financial aspects of prison industries have come to the forefront, there has been a tendency on the part of many individuals in society to view prison industries as the panacea for all the problems faced in American correctional systems. While prison industries have a vital role to play in contemporary corrections, as one program among many programs, it is unrealistic to expect them to be the solution to the complex issues found in today's correctional programs.

Statement of Purpose

In terms of the trends, issues, and concepts discussed in the previous sections, the task of the present work is to develop a conceptual framework in which the prison industries program in the State of Florida can operate during the foreseeable future. In order to accomplish this purpose, the following steps must be completed. First, a comprehensive mission statement

must be developed that carefully delineates the scope, purpose, and characteristics of the Florida Prison Industries program. Second, the issues and problems related to carrying out the mission of the prison industries program must be carefully defined. Third, and last, potential solutions to the issues and problems raised with respect to the prison industries mission must be developed. The following sections will address each of these steps in depth.

Mission

As summarized in the Introduction, the current trend in prison industries is toward the application of modern business practices and standards to these programs. If this approach is adopted then many of the traditional justifications for prison industries are no longer appropriate and may even be counter-productive. The arguments based on make-work philosophies lose their validity when prison industries are viewed from a business perspective. Keeping these constraints in mind, the following mission can be given for the prison industries program in the State of Florida.

The mission of the Prison Industries Program operated by the Florida Department of Corrections is to develop and maintain viable enterprises that can operate within the confines and restrictions inherent in a modern correctional environment. The purpose of each given industry within the program is to produce products and/or deliver services for a profit to consumers in other state agencies or in the private sector. While a given program may provide support services or products to the host institution or the Department of Corrections, these services cannot be the primary criteria upon which prison industry programs are initiated or continued. To the extent possible, and within the constraints of correctional settings, each industry should provide a realistic work experience to the inmates it employees. In addition, prison industries must be compatible with, but independent of, the security needs of the institutions in which they are housed. Nor should the specific business entities comprising the industries program be expected to be the total solution to the complex problems encountered in these facilities. Instead, they must be considered one of many programs required to fulfill the overall goals and objectives of the Florida Department of Corrections.

The mission statement presented above contains a number of specific elements which need further elaboration if the goals and objectives of the Florida Prison Industries program are to be precise and clear. The first element that must be dealt with is the concept that a given prison industry must be a viable entity. In order to be viable, an enterprise must stand the tests of cost effectiveness and profitability within a reasonable amount of time after it is initiated. The establishment of whether or not an individual industry is cost effective and profitable must be based on standard accounting procedures used in evaluating the success of similar business ventures in the private sector.

The second major element that is stressed in the mission statement focuses on the issue of profit and loss. In order to establish the profit for a given operation, a realistic assessment must be carried out with respect to direct overhead costs, labor costs, capital expenditures, depreciation of equipment and buildings, inventories, management and administrative costs, and the miscellaneous costs normally encountered in any business. Only those expenses that can be validly attributed to the actual operation of the industry should be included in the expense tally.

The third element that must be considered from the mission statement relates to whom the prison industries programs sell their products. The primary customers for the goods and services of an industry should be outside of the Department of Corrections and the host institution. It appears reasonable to expect that a goal of 60 percent of the sales of a given unit should be to outside buyers. This would still enable correctional agencies to purchase needed goods and services from prison industries on a competitive basis. Adherence to this aspect of the mission statement does not mean that correctional programs that sell over 60 percent of their goods or services to in-house agencies should be phased out. Instead, such activities should be

considered as support programs that are necessary for the daily operation of the correctional system in the state. Examples of activities that are already considered in this manner are food services, laundry facilities, and barber-shops.

Element four of the mission statement centers on the quality of the inmate's work experience. The conditions under which inmates work should simulate as close as possible the characteristics of the work place in the private sector. In order to fulfill this condition, inmates must be expected to work a reasonable number of hours per day using standards found in private industry. In addition, standard production rates should be established as goals for each employee to work towards. However, if standards from the private sector are to be used as goals for prison industries, then prison industry work environments must also be as close as possible to those found in private business. An added factor that is critical when discussing work conditions is employee motivation. Inmates should be reasonably compensated, either in money or other rewards, for their labor. Another important aspect of motivation centers on the recognition by management of job achievement by the inmate labor force.

The fifth, and one of the most important elements, that must be considered is the compatibility of the prison industries with the security needs of the institutions in which they are housed. The security and safety of the inmates, correctional staff, and public is the primary purpose of a correctional facility. However, to the greatest extent possible, prison industries should be managed and administered by industries staff with as little interference as can be tolerated in terms of the custody needs of the institution. Attention must be paid to avoiding those situations and circumstances that interrupt the daily operation of industries programs just because they are convenient or expedient

for other programs. The possibility exists that prison industries, as defined in this section, cannot be developed and operated in all of the institutions comprising the Florida System. An example of this situation is the Florida State Prison at Starke in which the close custody status of the inmates precludes their participating in industries as a reliable labor force.

The sixth and last major element addressed in the mission statement relates to the problem of placing prison industries in perspective relative to the overall correctional programming in the Florida Department of Corrections. Even though it is possible to design an institution around an industries program, it would be naive to expect these programs to be the hoped for solution to the complex issues with which today's over-crowded prison systems must cope. A number of factors prevent prison industries from being used as the only approach to programming within correctional facilities. First, the individuals being incarcerated at the present time are more violent and present more social and emotional problems than the inmates in previous times. Many of these individuals will require a great deal of attention from other types of correctional programs such as counseling, remedial education, etc. Second, if industries are to meet the standards presented above, they must avoid the make-work philosophies of previous eras and employ only those inmates that have enough ability and motivation to successfully complete the tasks required of him or her. Third, there are a number of individuals in the inmate populations who have not had any previous work experience and exhibit little, if any, desire to work under any circumstances. Fourth, at the present time, there are not sufficient physical plants located within the confines of the State's correctional facilities to house the number of industrial operations that would be required if every inmate was to be employed in such enterprises. Nor does it appear appropriate for the State to allocate the resources

necessary to build such plants just to create work stations to keep inmates occupied at non-productive tasks.

If the mission presented in this section is to be implemented then a number of practical issues and problems must be considered and resolved. The remaining parts of this report elaborates these issues and problems and attempts to seek resolutions that are in harmony with the philosophy inherent within this statement of mission.

Issues and Problems

The issues and problems effecting prison industries at the present time and for the next decade have been delineated by the Florida Department of Corrections (1981) and the University of South Florida project staff. The list of issues and problems that follows, while being fairly comprehensive, is not considered exhaustive for many issues and problems are situation specific and arise out of unique circumstances. Therefore, the present list focuses on issues and problems which are more general in nature with respect to applying sound business procedures to prison industries. The following 13 issues have been identified as being central to industries in general.

1. Free Venture vs. Traditional Approaches. This issue deals with the basic philosophy underlying the justification and manner in which a prison industries program is managed. Basically, the question becomes whether industries must stand the test of accepted business standards or be justified on the basis of other criteria such as rehabilitative potential or reduction of idleness.

2. Private Sector Involvement. The central problems that must be confronted with this issue is the right of prison industries to interact with business in the private sector. In addition, it focuses on the problems of prison industry competing with private businesses in the open market place.

3. Consolidation and/or Diversification. This issue was originally defined as an either-or issue but has been redefined so that both consolidation and diversification can be considered separately. Basically put, this issue deals with industry expansion, creation of new industries, phasing out of old programs, consolidating similar operations.

4. Fragmentation and/or Centralization. Closely related to the consolidation-diversification issue presented above, the fragmentation-centralization issue deals more with the autonomy and independence of individual industries from one another.

5. Market Priorities. This issue deals with targeting the specific markets that the Florida Prison Industries Program will address itself to in the 1980s. The potential markets that are selected will, to a great degree, determine the development of new product lines.

6. Capital Demand. The primary factor to be considered under the Capital Demand issue centers on the development of adequate and reliable funding sources for capital expenditures in the industries program. Attention must be given, not only to costs incurred in starting new operations, but to the fund-of replacement costs for equipment in existent operations.

7. Agriculture and Related Industries. The issues and problems stemming from agriculture and related industries center on cost effectiveness, profitability, and inmate labor supply. In addition, in an era when agriculture is suffering from major economic difficulties in the private sector, it is harder to make such operations feasible within the confines of a correctional setting. If such operations are discontinued, the question then becomes, What should the Department of Corrections do with its extensive land holdings? An added problem that must be dealt with in the desirability of the types of work involved in agricultural related operations. Often inmates find certain types of work so undesirable or alien to the cultures from which they came that they never approach reasonable production levels.

8. Inmate Motivation. Perhaps the most difficult issue to deal with on a daily basis is inmate motivation which presents several unique problems.

First is the issue of inmate compensation with the related problems of should inmates be paid and, if so, how much. Second is the issue of gain time as a reward for productivity and job behavior in terms of how effective is gain time and how much should be given, if it works.

9. Inmate Employee Selection and Retention. One of the major issues that must be dealt with is the procedures used to select and dismiss inmate employees for each of the industries in the program. In general, these practices relate to right-to-hire and right-to-fire issues.

10. Flexible vs. Fixed Operations. This issue deals with the types of industries with which the Department of Corrections becomes involved. It centers on the decision of starting industries that have large capital outlays for heavy equipment versus becoming involved with enterprises that have minimal capital needs in terms of permanent equipment that is bolted to the floor.

11. Profits and Losses. Industries programs must be evaluated in terms of success. Central to this task is the problem of defining profit and loss of a specific industry with regard to how it economically benefits the state.

12. Relationship of Prison Industries to Vocational Education and Post-Release Employment. This issue deals with the degree of integration between prison industries and vocational training programs. It also considers whether or not prison industries should be selected because they reflect the labor demands of the geographical areas that inmates will return to upon release.

13. Staffing Industries Programs. One of the critical problems facing the Florida Prison Industries Program is the ability to hire and retain competent staff. Specific areas of concern are pay rate, industry experience, training in correctional procedures, and living conditions in the areas where prisons are located.

The issues and problems presented above must be resolved if the missions presented for prison industries is to be implemented. The following section takes each issue and attempts to solve it in terms of the philosophy inherent in the mission statement.

Issues and Their Resolution

Free Venture vs. Traditional Approaches

The mission of the prison industries program in the State of Florida, as presented in this report, implies a strong commitment to the Free Venture Concept. As summarized in the Introductory section, Free Venture can be applied to any one of the basic approaches to prison industry employed in systems throughout the United States. The essential point of the Free Venture concept is the application of sound business practices and standards to industry operations regardless of the type of approach characteristic of a given system. In order to implement Free Venture in the Florida System, the following conditions would have to be met.

First, each inmate employee would be required to work a full eight hour shift with a minimum of interruptions, both those originated by the inmate himself and those related to other programs in the institution. Activities such as haircuts, beauty parlor appointments, and doctor and dental appointments should be scheduled, whenever possible, before or after work hours. In those cases where the inmate has to leave the work station, he should be required to punch out and his compensation should be adjusted accordingly. Meal breaks should be scheduled to minimize disruption of production rather than for the convenience of the food services operation. In some cases, this may necessitate special consideration such as the use of box lunches or a

special shift for industrial workers. Similarly, counts should be made whenever possible while the inmate employees are at their work stations instead of having them go to some other location.

Second, a wage or incentive program based on production, with differential rates among workers based on skill level, must be instituted in the industries program. Inmate compensation will be discussed in greater depth later under the issue of inmate motivation.

Third, productivity standards must be established for each of the enterprises comprising the prison industries program. These goals should resemble as close as possible those in similar operations in the private sector. The standards must take into account worker skill levels and the degree of automation in a given prison industry when compared to those on the outside.

Fourth, the final responsibility for hiring and firing inmate workers must rest with industrial management, after preliminary screening by custodial and/or classification staff. The rationale for this position will be presented later under the issue of inmate selection and retention.

Fifth, industries must operate in a self-sufficient and cost effective manner within a reasonable period after start-up. Again, standards used in the private sector should be used to determine the amount of time to be allotted before a program is expected to show a reasonable profit. These standards must have enough flexibility to take into account the limitations that correctional environments place on industrial operations. However, if an industry fails to show a profit after such limitations are taken into account, it should be phased out without incurring additional costs to the industries program and the Department of Corrections.

Sixth, prison industries must be self-supporting or profit-making business

operations. Any operation that cannot meet these criteria must be phased out as an industries program. In some cases these operations may have sufficient value to the overall goals of the Department of Corrections that they should be continued outside the framework of the prison industries program. A number of the agricultural operations would probably fall within this class of work operations.

These six characteristics or criteria which a given enterprise must meet, if it is to be included in the prison industries program, deal with few, if any, of the justifications for work programs traditionally given. There is no mention of the rehabilitative benefits that industries must provide if they are to be justified as part of correctional programming. If there is rehabilitative benefit, it is derived as a secondary gain resulting from being employed in a properly run industry operation. In addition, prison industries cannot be based on the notion that work must be created just to keep the inmates occupied. While industries do provide work stations, these positions must be directly related to productivity and not merely a place for the inmate to go when he is not occupied with some other pursuit.

Private Sector Involvement

At the present time, the Florida Department of Corrections is severely restricted by law from entering into involvement with the private sector. However, if prison industries are eventually going to meet the goals and aims presented in the mission statement, this issue must be confronted head-on.

First, the Department should develop an active legislative effort to change the laws regarding the unfair competition with private enterprise even when the goods produced are solely for state use. Paralleling these legislative efforts should be an active program to enlist the support of business

and labor in broadening the markets in which prison industry is allowed to sell its products.

Second, businesses from the private sector should be actively encouraged to enter into partnerships, and other types of meaningful relationships with the industries program. These joint ventures can be developed on many different levels including subcontracting to prison industries those jobs in the private sector that are labor intensive but undesirable to the civilian labor force. Another area that has potential are those operations that are subcontracted to foreign labor forces because they are not cost effective to produce in the United States. These tasks could be done by inmate labor, because of their lower rates of compensation, without the usual organized labor opposition since this work is being sent out of the country to foreign labor.

Last, with the increasing pressure on industries programs to become self-sufficient and profitable markets outside the framework of state government must be evaluated as potential targets for the products of prison industries. There are a number of potential markets in the private sector which need servicing that are of little interest to outside business ventures. Examples of these types of operations can be found in the areas of plastic refinishing, data processing, and light manufacturing.

Consolidation and/or Diversification

Often consolidation and diversification are viewed as being in opposition to each other. However, they should be considered as independent administrative processes that can be applied within the system at the same time. Consolidation should be used in those cases where there is unwarranted duplication, or where there are complimentary product lines that can be put together in a single operation. In the latter case, this would enhance the marketability

of all the lines by enabling the coordination of sales of items that are related to each other. The best example of this type of consolidation would be in garment manufacturing where it can be expected that the consumers of the goods made in this industry would be interested in purchasing a number of different items.

Another important area that would benefit from consolidation is the development of a centralized warehousing operation so that new materials and finished products can be stockpiled. This type of system would also facilitate delivery of finished products to consumers within a reasonable amount of time.

In terms of the issue of diversification, the following comments can be made. First, diversification must be a well-planned out process. Before a new product is put into production or a new service is offered, careful analysis must be made of its potential for profit with respect to the amount of outlays needed for start-up costs and continuing overhead. In some cases, it may be desirable to become involved in an operation that is of relatively short duration, two years or less, if the profit margins are significantly great. The short term approach seems most appropriate in those areas which have minimal capital outlays and require higher skill levels on the part of employees. An example of this type of operation would be the data processing center at Lowell which has tremendous potential for expansion with respect to the services it offers. Additional comments will be made about diversification in the section on flexible vs. fixed operations.

Fragmentation and/or Centralization

Unlike diversification, which is the carefully planned expansion into new industries, fragmentation results from the development of industry programs in a haphazard manner with little regard on how they impact on the total system.

Many of the operations in existence today appear to have evolved in this manner as a response to programming needs at the local institutional level. Because these enterprises are capital intensive or involve large tracts of real estate, there is a tendency to rationalize these programs even in those cases where they have been losing propositions for a number of years. Another problem related to fragmentation is that such industries, because of their independence from other similar type operations, tend to foster duplication of administrative, marketing, and other support functions to a significant degree. The best solution to the fragmentation problem is a strong centralized planning division that has the capability to evaluate potential industries in terms of their impact upon the whole system.

As with planning and evaluation, a number of other administrative and managerial functions can be streamlined by centralization. Such areas as accounting, marketing, warehousing, transportation, and personnel could benefit to some degree from centralization. In some cases (i.e., marketing) a two-tier approach seems to be the most reasonable answer. For instance, in the case of marketing, product development and market research could best be achieved on a system-wide basis, while sales of specific items must be kept close to the production or distribution level.

Market Priorities

If the strong business orientation stressed in the mission statement is to be carried out, then a strong marketing unit must be developed to focus on product development and sales. This unit must have the capability of assessing potential markets along with the resources required to take advantage of these opportunities. Establishing market priorities goes beyond the identification of new areas of potential sales. It demands a careful and

accurate appraisal of the production capability of the industries program to meet the needs of an expanding market place. It is important that new markets should not be entered unless existent industries can be expanded or new operations be developed to deliver the goods or services contracted for within a reasonable time frame.

With the anticipated construction of new facilities in the 1980s, the role of market development and analysis becomes even more crucial. The role prison industries are going to play in the programming at these institutions should be defined early during the planning process of each facility. In some cases, where the prison is going to be a minimum or medium custody institution, it may even be desirable to design the entire facility around an industrial concept. One such prison that appears to be operating successfully is the Lino Lakes Correctional Facility outside of St. Paul, Minnesota. In this prison, approximately 70 percent of the inmates are employed in one type of industry or another. The remaining 30 percent provide support services to the facility. This institution is able to function because it has developed an aggressive ongoing marketing and product development capability.

In terms of selecting potential markets for the products of prison industries, the program must look outside of the Department of Corrections for its future customers if it adopts the profit-based philosophy presented in the mission statement. It must exploit the consumer needs of other governmental agencies in order to generate real cash flow rather than in kind paper transfers that cannot be translated into working capital. Some effort should also be made to establish markets in the private sector where such operations do not provide undue competition with private enterprise or organized labor. This would not only generate cash flow but would constitute a real profit to the state in that dollars earned are not allocated from tax sources as are

the profits made from selling to other units of government.

Capital Demand

One of the most critical issues facing prison industries in the State of Florida is the multitude of problems encountered in trying to meet the capital demands of an expanding industrial operation. Often these problems are conflicting in nature as is the case when the program tries to respond to legislation calling for new operations, but fails to provide funding for start-up costs. In order to meet the legislative pressure, funds are taken from profits that would normally be used for maintaining and upgrading existent industries and are used to underwrite the new ventures. The net effect is the deterioration of the ongoing operations in terms of equipment breakdowns, obsolescence, and the inability to take advantage of new markets as they arise. This approach to capitalization creates a vicious circle for the new industries for they quickly fall into the dilemma that befalls the older established industries.

In order to avoid the pitfalls discussed above relative to the establishment of new industries at the expense of the older on-line programs, several strategies appear plausible. First, initiation of new industries should be stopped or greatly curtailed until the legislature is willing to fund the start-up costs of new ventures. This will allow for the profits of existing programs to be invested in the upgrading and expansion of the established industries.

Second, those programs that habitually operate at a loss or that do not generate enough profits to recapitalize themselves should be phased out so that only those programs that have the potential to be cost effective remain.

Third, a fund should be established so that a certain percent of the profits

from each industry is set aside, at standard depreciation rates, to be used solely for maintenance and replacement of equipment of the industry making the contribution.

Fourth, in those cases where a new industry is planned, efforts should be made to develop programs that are not capital intensive. If the industry chosen requires equipment that has to be bolted to the floor, then chances are that maintenance and replacement costs will be high.

Last, if the Florida Industries Program moves in the direction of entering into joint ventures with private industry, then it is reasonable to expect that these private concerns will pay their fair share of the start-up costs.

Agriculture and Related Businesses

Agriculture and its related businesses present some of the most difficult areas of decision-making for the industry's administrator in Florida. Even though these programs operate at a loss, there is a substantial amount of support generated for their continuation. Some of the support is based on the fact that a large percent of the food produced by these operations is consumed by inmates within the system, thus appearing to make the entire Department more self-sufficient. Another justification stems from the number of work stations created to service these operations, thereby employing a number of individuals who otherwise would not have opportunities to work. Last, there exists a traditional attachment of many professionals in the field of corrections to agricultural enterprises in that many of the institutions in which they are housed are located in rural areas and employ their staff from a primarily rural population.

Unfortunately, even if these justifications were all valid, they would not provide a basis for inclusion of agricultural operations in the industries

program unless they meet the criteria inherent in the mission statement. As noted above, enterprises that habitually operate in the red use up resources that could better be invested in those ventures that are viable. If there are compelling reasons to continue certain operations, even when they are not cost effective, then such activities should be removed from the industries program and treated as vital support services for the host institutions and department. This would enable the Department to treat these programs as part of its direct operating costs in the same manner that food services, laundry services, and janitorial services are treated. In those cases where there are no compelling reasons to continue a given agricultural operation, the Department of Corrections should consider leasing its land holdings to private agricultural firms or returning it to the State landbank.

Even when the agricultural issue is resolved, the related businesses that have developed parallel to the farm operations must still receive attention. These operations consist of the meat fabrication plants, the dairy, and the cannery. Again, these ventures should meet the criteria established for all industrial enterprises. If they cannot meet these standards, then the Department may wish to continue them outside of the industries program as support services or phase them out entirely.

Inmate Motivation

One of the most difficult problems facing industries management at the individual program level is how to motivate inmate employees. At the present time, the Florida system uses gain time as an incentive for inmates employed in industries. This approach has been ineffective because of the mandatory release date policy adopted by the Florida Parole Commission which allows the inmates to leave prison before the effects of the gain time earned can be

realized. Unless the inmates feel that gain time is directly related to their actual date of release, it can have little value as an effective motivational tool.

An alternative to the use of gain time as a motivating agent is the implementation of an inmate compensation system. Several arguments have traditionally been used against this type of approach including the following: 1) it's too costly; 2) it's a form of bribery; 3) it would create problems with inmates assigned to work stations outside of the industries program who are not paid for their labor; and 4) it would create an "elitist" group among the inmates. With respect to the cost issue, it can be argued that if inmate pay does, in fact, provide an incentive then the costs would more than be made up for by increased productivity. The second argument that pay is a form of bribery is paradoxical in a system that has as a goal the training of individuals to respond in a non-deviant manner to the normal cues in the outside world.

If prison industries are to provide as realistic as possible work experiences for inmate workers, then the use of pay becomes easily justifiable. The issue of creating negative feelings for inmates occupied in positions outside the industries programs could be handled by establishing a minimum wage to be paid to any inmate assigned to a work station within the Department. With respect to the creation of an elitist group among the inmate population, a certain amount of status differentiation based on place of employment may be an important motivational factor in and of itself.

If an inmate pay system is instituted, it should have the following characteristics. First, a reasonable minimum wage should be established that is large enough to have motivational impact upon the inmate labor force. A recommended rate of from 40 to 50 cents per hour would appear reasonable.

All inmates, regardless of their skill level, should begin at the minimum wage as they are initially employed in an industry. This reduces conflicts over perceived favoritism in who gets what job. Second, inmate employees should receive periodic increments in compensation based on productivity and quality of job performance. These raises should be based on explicit criteria that are easily understood by the inmates. Third, there should be compensation in the form of promotion raises for inmates who advance to higher skill positions through initiative on the job.

In addition to gain time and monetary compensation, there are a number of intangible factors that are important to inmate employee motivation. Among the most important of these is the physical environment in which the work is done. Unfortunately, many of the physical plants found in prison industries throughout the United States resemble sweat shops of the early 1900s rather than modern industrial facilities. Another intangible factor is the attitude of professional industries staff toward the inmate workers, the work being carried out, and the industries program in general.

Inmate Employee Selection and Retention

Along with inmate compensation, an issue that is considered one of the most important among staff at the individual industries level is the issue of who has the responsibility for hiring and firing inmate employees. In the Florida Program, there seems to be a consensus at the individual program level that inmate personnel decisions are often made with little impact from themselves by classification officers who do not really understand the needs of industry. This problem could be resolved by establishing an inmate labor pool of individuals who are interested in participating in the industries program or who the classification officers feel would make a good candidate for

the program. After the pool is established then prison industries staff could select those inmates that they feel are most qualified for a given position.

The second issue under inmate selection and retention centers on the right to fire an inmate employee. At the present time in the Florida Industries, it is difficult to terminate an inmate if his performance is poor or he is a disruptive force in the work setting. If prison industries are to follow a free venture model in which productivity and cost effectiveness are key elements, then industries staff must have the right to get rid of those inmates who are blocking the achievement of these objectives.

A third and related factor to selection and retention is the amount of time an inmate has left on his or her sentence. In that a number of industries are and will be housed in medium custody settings, many of the potential employees for these programs will be "short timers." However, in order for an industry to derive benefit from the training it invests in its employees, it is recommended that inmates participating in the program have at least 18 months to 24 months remaining on their sentences.

Flexible vs. Fixed Operations

Because of the problems related to generating large sums of capital for the purchase and maintenance of equipment, it is recommended that the Florida Prison Industries program adopt a flexible "industries on the move" philosophy. This approach advocates staying away from those industries that requires expensive heavy equipment that locks a program into a single product line for an extended period of time. These type of operations, in an age of automation and rapid technological change, tend to become obsolete in a relatively short amount of time. The obsolescence along with cumbersome state procedures for replacing old equipment render such operations uncompetitive.

In contrast, by concentrating on product development in those areas that do not require heavy capital outlays, prison industries can take advantage of markets that have short-term profit potential. Basically, the philosophy here is to take advantage of a number of short duration opportunities (two years or less) by entering into contracts with a known dollar figure rather than investing in long-term operations with the hope that profit margins will remain favorable over a number of years. To the greatest possible extent, the short-term projects should minimize the use of equipment that is bolted to the floor. The flexible approach is characterized by the constant movement into new products and services as old jobs are being completed and phased out.

Profits and Losses

If the mission outlined above is to be achieved, profit must be defined in terms of accepted business practices. Profits as used in this context refer to the amount of dollars left over after all the direct and overhead costs of the operation are subtracted from the gross income of a given industry. Those industries that are breaking even or operating at a loss in terms of this definition should be phased out to make room for new endeavors. Even though the prison industries program as a whole resembles a medium size conglomerate in the private sector, it does not have the advantage of carrying non-profitable ventures because of favorable tax laws. Therefore, such businesses must either become cost effective or eliminated.

One of the most pressing problems in making prison industries profitable are the cumbersome purchasing procedures imposed upon it by state regulations. One of the major complaints voiced by industry staff is that they cannot purchase the equipment and material within a time period that allows them to

remain competitive with outside suppliers. Because of the delays they cannot take advantage of favorable market conditions in purchasing supplies and raw materials and thus have to pay higher prices than would be the case if they were exempt from purchasing policies.

In order to overcome this problem, it is recommended that the Department of Corrections request permission from the Legislature and Governor's Office to set up a purchasing department that is independent of the Department of Administration's cumbersome apparatus. This department would operate solely for the purpose of prison industries and would not be available for other Department of Corrections programs.

Vocational Education

There is a common misconception by many individuals outside the field of corrections that vocational education is an integral part of a prison industries program. However, in reality, they are, in most cases, independent programs with remarkably different missions. Vocational education is a total package designed to teach the student broad skills in a given area while at the same time teaching him or her as much as possible about the world of work.

In contrast, prison industries are in business to make products or provide services for a profit. While they involve training, it is designed to teach an individual a specific skill required to complete a specialized function rather than a general area of expertise. In general, these two approaches must be kept separate because of differences of purpose, equipment, and techniques employed in the programs. However, in some cases, such as the relationship between the vocational program and the print shop operation at the Zephyrhills Correctional Institute, the two types of programs can greatly benefit each other.

Staffing Industries Programs

An area that must be discussed in any consideration of prison industries are the issues involved in the hiring of supervisory and management staff to run the program. One of the more common problems that is confronted by administrators responsible for making personnel decisions is, Should they hire persons who have been trained primarily as correctional officers or should they recruit persons whose backgrounds are primarily of an industrial nature. Because of the technical requirements of running an industrial operation, those recruited to work in these settings should be well schooled from the beginning in the operations of the industry in which they will be working. If they have the industrial skills and the interest to work in a correctional setting, then they can be trained in the correctional techniques they will need after they are on the job.

Another problem that must be solved relates to the amount of compensation that can be offered to perspective employees for managerial positions in the industries program. At the core of the problem is the fact that perspective employees are classified into job categories that do not reflect their skill levels or competitive salary rates of similar positions in the private sector. Therefore, it is difficult to attract the type of person who is most qualified for the position. Added to the lack of financial incentive is the fact that some of the industrial programs are located in rural locations which are not considered desirable living areas by individuals coming from industrialized urban centers. These problems can be solved by creating a set of exempt personnel classifications that can be used to hire top level prison industries staff.

SUMMARY

The present paper strongly recommends that the Florida Department of Corrections adopt a strong business orientation during the 1980s with respect to its prison industries program. In order to accomplish this objective, it was suggested that the program adopt the Free Venture concept originally developed by ECON, Inc. (Fedo, 1981). In order to implement Free Venture in the Florida System, a number of issues and problems were discussed along with their possible solution. These included issues ranging from implementation of Free Venture to involvement in the private sector to employee motivation. In principle, these issues were ultimately resolved in a manner that was consistent with good business practices and standards. The argument was put forth that prison industries, before all else, must be viable business enterprises.

REFERENCES

- Barnes, H. E., & Teeters, N. K. New Horizons in Criminology (3rd ed.). Englewood Cliffs, N. J.: Prentice-Hall, Inc., 1959.
- Correctional Industries: Strategy for Developing A Master Plan. Florida Department of Corrections, Mimeographed Report, 1981.
- Employing Inmates: A Joint Venture of the Public and Private Sectors Working with Minnesota Correctional Industries. Minnesota Department of Corrections, Pamphlet, 1979a.
- Fedo, M. Free enterprise goes to prison. Corrections Magazine, 1981, 7:2, 5-11.
- Minnesota Correctional Facility - Lino Lakes. Minnesota Department of Corrections, Pamphlet, 1979b.
- Minnesota Correctional Facility - Stillwater. Minnesota Department of Corrections, Pamphlet, 1979c.
- Minnesota Correctional Facility - Shakopee. Minnesota Department of Corrections, Pamphlet, 1979d.
- Schaller, J., & Sexton, G. E. The free venture program: An overview. In Barbra Auerbach et al., (Eds.). A Guide to Effective Prison Industries (Volume I): Creating Free Venture Prison Industries: Program Considerations. Philadelphia, Pa.: The American Foundation, Inc., 1979.

END