



DEVELOPING PRIVATE SECTOR PRISON INDUSTRIES: FROM CONCEPT TO START UP

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Over the past decade, Criminal Justice Associates (CJA) has had the opportunity to observe the emergence of an exciting development for correctional agencies and the business community, private sector prison industries (PSPI). During that time, CJA has worked closely with a number of correctional administrators and private sector managers whose experience in providing private sector jobs in prisons forms the basis for this report. We wish to acknowledge the assistance of these individuals.

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FOREWORD

This report describes a process for developing private sector prison industries. While the experience of each state and county is unique, most correctional agencies operating PSPI have encountered similar challenges in developing their prison-based private enterprises. This document provides a road map for creating new private sector prison industries based on this pattern of development.

The process of developing private sector prison industries can be likened to a journey along a road with several obstacles. To reach the ultimate destination--an operational industry--knowing the major milestones is only part of the challenge; roadblocks along the way must be negotiated as well. This document describes both the road and its obstacles.

By presenting PSPI development as a multi-dimensional process, this document is intended to encourage and enable those who will develop PSPI to overcome the roadblocks often associated with the implementation of new programs in correctional institutions. By knowing in advance that the process is complex, and by learning how to deal with this complexity, correctional staff are less likely to become discouraged and more likely to succeed.

The report is organized into seven chapters. The first chapter is written for directors of correctional agencies, state legislators, and other policy makers as well as those who are directly responsible for the development of PSPI. It explains the recent development of private sector prison industries, distinguishes PSPI from other prison work programs, and summarizes national PSPI activity.

Chapters Two and Three are written for correctional staff responsible for planning new PSPI programs. Chapter Two addresses questions fundamental to the design of PSPI. For example, the chapter discusses the formulation of goals, the factors to consider when deciding which type of private sector involvement is best suited for a correctional agency, and where responsibility for planning and management of the PSPI program should be placed within the agency. Chapter Three discusses developmental issues which the correctional agency is likely to confront after initial design questions have been addressed. The chapter explores the role of legislation in the development and operation of PSPI, factors to consider when choosing a prison in which to locate private industries, selection criteria for private partners, and incentives for attracting companies to the prison.

Chapters Four, Five, and Six are written for those who are responsible for finding private sector partners for the correctional agency's PSPI program and for agency staff who are responsible for program initiation. Chapter Four outlines a

process for finding private companies for a PSPI enterprise; Chapter Five explains how to contact those companies; and Chapter Six discusses implementation issues that must be addressed before a private company begins operations inside a prison. The chapter also suggests provisions that should be included in a PSPI contract with the private sector company.

The concluding chapter discusses PSPI in the context of broader social issues and the obligations and opportunities they create for correctional agencies in light of emerging work force trends. This discussion will be of interest to both policy makers and correctional staff directly responsible for the development or operation of PSPI projects.

Chapter One

PRIVATE SECTOR PRISON INDUSTRIES OVERVIEW

This chapter begins with a discussion of the principal forces promoting the current growth of private sector prison industries, and then looks briefly at the historical precedents which continue to influence the development of such ventures to this day. Next, private sector prison industries are distinguished from other prison work programs and described in terms of their major elements. An overview of current PSPI enterprises completes the chapter. The chapter is written for policy makers and correctional agency staff directly responsible for the development of private sector prison industries.

FORCES PROMOTING PSPI GROWTH

In the past decade, burgeoning prison populations have dramatically escalated expenditures for correctional agencies. As the number of prisoners continues to grow, widespread inmate

idleness and its inherent potential for violence underscore the need to provide meaningful activities for inmates. Productive employment in jobs provided by the private sector is one positive program option for many correctional agencies.

At the same time that a significant portion of our prison population remains idle, many businesses are experiencing difficulty in filling entry-level jobs. Demographic trends suggest that this shortage of qualified entry-level workers will worsen over the next few decades. As a result, it will be necessary to bring marginal workers, including prisoners, into the work force.

Having observed the current private sector demand for entry level labor, a number of correctional agencies have already forged partnerships with private enterprise to create private sector jobs in prisons. Today, when governments at all levels are no longer able to support costly social experiments, such partnerships offer an unusual opportunity to provide quality, cost effective programming while addressing some of the challenges facing the correctional system.

The rationale for employing prisoners in private sector jobs is extremely compelling. Because work is a central component of most Americans' lives, there is general agreement that prisoners should work as well. Exposure to the methods and standards of private business provides a valuable experience for inmates who need to engage in productive work upon release. And the private

sector knows best how to operate a business in which inmates can gain real-life work experience prior to their release.

Private sector jobs in prison are no longer an untested endeavor. In the last decade, such enterprises have demonstrated that they:

- o make good business sense for many companies;
- o make prisons easier to manage;
- o provide an opportunity for prisoners to work for private firms and to demonstrate their ability to produce quality goods and services;
- o generate financial benefits for taxpayers, crime victims, correctional agencies, and prisoners' families; and
- o generate productive jobs for inmates at relatively low capital cost to the political entity.

HISTORICAL PRECEDENTS

There is an extensive history of private sector involvement with prison-based labor in the United States. These experiences, beginning in the latter half of the nineteenth century, not only helped shape modern developments, they still influence the perception of prison based businesses held by some influential interest groups today.

When the United States replaced corporal punishment with confinement as the primary sanction for criminals in the early nineteenth century, the private sector became the most frequent employer of the new convict labor pool that became available. Prisoners either were leased to private companies that set up

shop in the prison or were used by prison officials to produce finished goods for a manufacturer that supplied the raw materials to the prison. In both instances a private company paid the prison a fee, which was used to help offset the expense of operating the prison.

From 1870 to the early 1900s, prison factories flourished. But the unregulated use of prison labor led to claims by organized labor and manufacturers that unpaid prisoners created unfair competition. Resentment crystallized into legislative restrictions that peaked during the Great Depression, when Congress and the states prohibited the open market sale of prison-made goods, thereby insuring that these products would not compete with products manufactured by outside labor.

These restrictions continued into the 1970s, when there was a shift in thinking about state-use industries. Long seen as rehabilitative programs designed to teach prisoners specific vocational skills, prison industries now came to be viewed by an increasing number of correctional administrators and legislators as a way to generate revenue for the state. The renewed interest in making money from prison industries spurred a rethinking of the role of the private sector in the operation of prison-based businesses.

Beginning in the early 1970s, the U.S. Department of Justice began to fund research and technical assistance to broaden and strengthen the role of state prison industries. In 1975, the Free Venture model was created as part of an in-depth study

funded by the Department's Law Enforcement Assistance Administration (L.E.A.A.) of the problems and prospects of prison industries.¹ Eventually implemented in seven states, this pilot program encouraged the development of private sector prison industries by demonstrating that it was possible to successfully introduce private sector management techniques to prison industries, thus setting the stage for the development of more substantial forms of direct private sector participation in prison industries.

Widespread experimentation with private sector involvement was made possible in 1979 when Congress removed barriers to the interstate transportation and sale of prison-made goods by creating the Private Sector Prison Industry Enhancement Certification (PS/PIEC) Program. The legislation requires that participating correctional agencies certify that inmate workers are paid local prevailing wages and that the interests of other parties are protected so that unfair competition can be eliminated.²

¹The premise of the Free Venture Model was that the effectiveness of a prison industry was maximized when its operations paralleled those of its "real world" counterparts as closely as possible. The Free Venture model was supported by the L.E.A.A. from 1975 through 1980 by a series of research, demonstration, and technical assistance grants to state correctional agencies.

²The statutory and regulatory requirements of the PS/PIEC program are explained in Chapter Three.

DEFINITION OF PSPI

Private sector involvement with prison work programs occurs in a variety of ways. In many prisons, private sector advisory groups work with vocational education and prison industry programs to make sure relevant training is offered to prisoners and to assist managers in the use of sound business practices. Some prison industries are licensed to manufacture and sell a product designed and engineered by a private firm. In other prisons a private firm or individual may be paid a fee to market products or services furnished by inmates. Most prison industries use the private sector as a supplier of raw materials; in some cases these vendors also provide technical assistance to prison industry staff. Many correctional agencies administer work release programs in which minimum security inmates with little time left to serve on their sentences are provided community-based employment by private firms.

While each of these forms of private sector participation can benefit a correctional agency, this document is about public/private partnerships in which goods or services are produced in a prison and sold on the open market. These partnerships are called private sector prison industries.³ They usually occur in two forms which are described below.

³Private sector prison industries should not be confused with the broader concept of prison privatization in which private firms are contracted to operate entire correctional facilities.

THE EMPLOYER AND CUSTOMER MODELS

The particular needs of the prison and the private sector company will determine the nature of the partnership between the parties in any given private sector prison industry. However, PSPI generally take one of two broad forms, the "employer" or the "customer" model.

The Employer Model

A private company owns and operates a business inside a prison, and has direct control over business operations. Inmates are employed by the company.

The Customer Model

A private company purchases much or all of the output of a business which is owned and operated by a correctional agency, but has no other role in the business. Inmates work for the correctional agency.

The employer and customer models share four features which together make PSPI distinct from other prison work programs:

- o wages--ideally, local prevailing wages--are based on productivity;
- o benefits are the same or similar to those earned by civilian workers in the same industry;
- o wage deductions enable PSPI workers to meet some of their social and legal obligations; and
- o inmates' may be extended many of the rights and obligations vested in civilian workers in the same industry.'

'Assessing Legal Issues in Chapter Three discusses statutory requirements in relation to each of these features.

OVERVIEW OF PSPI ENTERPRISES

In recent years there has been considerable growth in the number of PSPI operating throughout the country. In December 1989, Criminal Justice Associates mailed a questionnaire to each state to identify prison shops in which the private sector was substantially involved (i.e., more than 25% of the shop's output was sold on the open market). Correctional staff or private sector managers in all 50 states and 3 counties completed the questionnaire.³ The survey data define the national scope of PSPI, but they should be used with caution because there was great variation in the manner in which the data were prepared by the agencies which participated in the survey. The data are useful, however, in developing a baseline from which to chart future trends.

SURVEY RESULTS

The survey revealed that in 1989 there were 69 prison-based enterprises selling goods or services on the open market. This represents a 150 percent increase in the number of such enterprises operating since 1984 when the first national survey of private sector prison industries was completed.⁴

³See the Appendix for the questionnaire and a list of the individuals who completed it.

⁴See Criminal Justice Associates, Private Sector Involvement in Prison-Based Businesses: A National Assessment, November 1985. Produced under grant # 83-IJ-CX-K451 from the National Institute of Justice.

Private sector prison industries were operating in the following 17 state correctional systems and 3 counties in 1989:

Arizona	Kansas	Ohio
Belknap Cty.(NH)	Minnesota	Oklahoma
California	Montana	Oregon
Colorado	Nebraska	South Carolina
Florida	Nevada	Strafford Cty.(NH)
Hennepin Cty.(MN)	New Hampshire	Utah
Idaho		Washington.

Figure One on page 17 is a map of the states which operated PSPI in 1989.

Hundreds of firms were involved with PSPI as either employers or customers. These companies range in size from small proprietorships to multinational corporations. The PSPI operating in 1989 produced 30 distinct product lines and provided 12 services. These diverse products and services generally reflect the mainstream American economy, representing such industries as agriculture, automobiles, forestry, mining, customer services, data entry, light and heavy manufacturing, garment making, telemarketing, and high technology component assembly. Figure Two on page 18 presents a complete list of the products and services produced by PSPI in 1989.

Private sector prison industries operated in 43 different minimum, medium, and maximum security prisons and employed 5,000 prisoners, who earned a total of \$5,528,979. These inmate workers had over \$931,600 deducted from their wages to offset the cost of their incarceration, contributed \$281,900 to victims' programs in their states, and paid \$102,000 toward the support of their families. They also had \$273,700 withheld for taxes and

paid \$246,712 into the Social Security Trust Fund. These combined wage deductions come to \$1,836,000 in direct financial benefits contributed by PSPI workers in 1989, representing a return to society of 33 cents for every dollar earned. Table 1 on page 19 provides county, state, and national totals for these and other 1989 PSPI data reported by the survey respondents.⁷

The survey data reveal several facts about PSPI:

- o Individual enterprises remain small, employing an average of 25 inmate workers per shop.
- o Private sector partners in the employer model are generally small businesses. Only two large firms are directly employing inmates: Best Western International and Trans World Airlines.
- o The total number of inmates employed in PSPI remains small when compared to the total number incarcerated. On a typical day in 1989 there were about 2,147 inmates working in PSPI. This represents an increase in the number of jobs for inmates of 5 percent over the 41,704 jobs provided on a given day by the 50 states' prison industry programs in 1989.⁸ However, comparing this figure with the total number of inmates working in state-use industries in those states which operated PSPI in 1989, the figure increases to 17 percent.
- o In the 4 states with the largest PSPI employment levels, the percentages were as follows: Minnesota 83%, Nebraska 61%, Nevada 56%, and Washington 53%. Furthermore, in Minnesota, Nebraska, and Washington, more than 15 percent of all those incarcerated who were not employed in state-use industries were employed in PSPI.
- o Most of the increase in projects since 1987 occurred in the employer model:

1987	15 employer and 23 customer
1989	35 employer and 34 customer

⁷Project specific data for 1989 PSPI are contained in Tables 2 and 3 in the Appendix.

⁸See, 1990 Correctional Industry Directory, Correctional Industry Association.

- o Hourly wages range from \$.20 to \$12.50. More than 80 per cent of projects had set wage rates at or above \$3.35 per hour, the federal minimum wage at the time the survey was conducted. Inmates working in employer model projects are more likely to earn at least the federal minimum wage than those who work directly for correctional agencies.
- o Of the 69 PSPI projects which operated in 1989, 40 were certified under the PS/PIEC program.
- o Benefits made available to PSPI workers in 1989 were limited primarily to worker's compensation. A small number of projects offer unemployment compensation and holidays, but sick leave and vacation are rare.
- o Financial incentives made available by the correctional agency to the private partner have consisted mainly of low cost rent and utilities. A small number of prisons provide training subsidies or training programs, and some have supplied equipment.

Figure Two

Products and Services Produced by PSPI in 1989

PRODUCTS

SERVICES

1. airline wheel chocks
2. airline wheel shipper frames
3. auto parts
4. automobiles (customized)
5. boat docks
6. commercial display cases
7. computer interface cables
8. crutches
9. dog runner chains
10. drapes
11. electronic components
12. farm machinery
13. furniture (home & office)
14. garments
15. hydraulic vacuum pumps
16. industrial heating elements
17. medical testing equipment
18. oil burner parts
19. optical lenses
20. printed forms
21. radon test kits
22. sheet metal products
23. stone tiles
24. sugar cane
25. timber products
26. toys and toy blocks
27. vegetables
28. vinyl binders
29. waterbed mattresses
30. wood garden planters

1. auto repair
2. data entry
3. envelope stuffing
4. grommet modification
5. industrial cleaning
6. industrial drafting
7. inspection & sorting
8. microfilming
9. packaging
10. record distribution
11. travel reservations
12. telemarketing

TABLE 1
SUMMARY OF 1989 PSPI DATA

C type = private sector is the main or sole customer of the shop
 E type = private sector is the employer of inmates
 Total return = amount deducted for room and board, family support, taxes,
 and victim's programs
 * = data are estimated by survey respondent

STATE / COUNTY	E TYPE PROJS.	C TYPE PROJS.	TOTAL WORKERS	TOTAL HOURS	TOTAL WAGES	TOTAL RETURNED	% RETURN PER \$
ARIZONA	1	0	18	17,913	101,960	44,843	45
CALIFORNIA	4	3	260	129,078	670,740	315,421	47
COLORADO	1	0	N/A	N/A	N/A	N/A	0
FLORIDA	0	1	* 300	N/A	82,000	51,300	63
IDAHO	0	1	20	9,367	31,379	14,120	45
KANSAS	3	0	74	58,687	217,000	108,647	50
MINNESOTA	1	9	1,420	714,411	1,151,602	* 56,400	5
MONTANA	0	3	54	46,288	41,608	0	0
NEBRASKA	7	3	* 844	292,580	1,191,597	614,664	52
NEVADA	5	3	862	151,505	715,624	* 206,409	29
NEW HAMPSHIRE	0	2	80	65,600	32,800	0	0
OHIO	0	3	133	114,459	60,876	0	0
OKLAHOMA	4	0	147	15,821	56,781	27,867	50
OREGON	1	0	20	2,674	2,094	0	0
SOUTH CAROLINA	1	1	39	2,822	6,749	* 2,563	38
UTAH	0	2	35	46,618	148,357	33,903	22
WASHINGTON	7	0	364	204,278	804,224	239,561	30
BELKNAP COUNTY	0	1	26	3,773	21,645	11,147	51
HENNEPIN COUNTY	0	1	259	47,932	117,131	64,181	55
STRAFFORD COUNTY	0	1	116	12,375	74,812	44,886	60
17 STATES 3 COUNTIES	35	34	5,000	1,936,181	5,528,979	1,836,000	33%

Labor force trends, increased inmate idleness, and constrained correctional budgets are contributing to the development of PSPI. Chapter Two addresses the issues that correctional administrators should consider when designing PSPI in their jurisdictions.

Chapter Two

DESIGNING A PSPI PROGRAM

Correctional agencies should consider four major issues when designing a private sector prison industry program:

- o What are realistic goals for a PSPI program?
- o Is the employer model or the customer model best suited to meet the agency's goals?
- o In which institutions should PSPI operate?
- o How should responsibility for planning and management of PSPI be assigned?

Chapter Two is written for correctional agency staff who are responsible for addressing these questions.

SETTING PSPI GOALS

The goal of a prison-based enterprise is relatively simple from the private sector perspective: to generate profits or secure otherwise unavailable labor. But from the public sector perspective, the goals of PSPI may be as complex--and as

numerous--as those of traditional prison industries. For example, PSPI may be created to:

- o reduce idleness by developing jobs that require minimal capital expenditure by any public agency;
- o maintain self-sustaining (if not profitable) operations;
- o generate revenue to offset the cost of incarceration or compensate victims of crime;
- o improve inmates' post-release employment prospects by providing meaningful job training;
- o provide an alternative source of entry-level labor for the local economy; and
- o foster better relations between the department of corrections and the business community by contributing to the economic development of the state.

While any or all of the above goals may be appropriate for a given PSPI enterprise, a goal that should be established for every PSPI is that it act fairly toward all of the parties involved in or affected by the enterprise. This goal is important because PSPI partnerships involve extensive interaction with outside interest groups that have a right to be treated fairly--and that can oppose a program which they believe is not treating them fairly. Therefore, correctional administrators in a number of states have specified that their PSPI programs must be fair to:

- o the private company in the enterprise, by affording it the opportunity to meet its business goals;
- o the correctional agency, by enhancing work opportunities for a segment of the prison population at reasonable costs;

- o the taxpayer, by providing revenue which can be used to offset the cost of incarceration, compensate victims of crime, and contribute to the support of prisoners' families;
- o free-world workers, by not displacing workers in the community; and
- o inmates, by providing jobs which reward performance with prevailing wages.

The goals established by the correctional agency for PSPI should be consistent with its overall mission. They should emerge from an explicit planning process which involves key agency personnel. The goals ultimately established should be incorporated into a written document to provide unambiguous guidance to agency staff and potential business partners alike.

CHOOSING A MODEL

When designing a PSPI program, the correctional agency must determine what kind of relationship it wishes to develop with a company. As discussed below, five factors should be considered in evaluating the relative merits of each model.

LAWS AND REGULATIONS

A careful review of relevant state and federal laws, along with emerging case law in the area of prisoner worker's status, is the first step in deciding which model is best suited for a given private sector prison industry venture.' The vast majority

'See Chapter Three for a detailed review of relevant laws.

of states with legislation authorizing private sector involvement in prison industries allow the operation of both the customer and the employer models; however, a number of states authorize only one model, or use statutory language that is unclear about which model is legal, or provide no pertinent enabling legislation for either model. Where the statute is ambiguous, the correctional agency legal counsel or the state's attorney general should provide a legal opinion on which model(s) may be operated. Eventually, legislative ambiguity should be clarified with new legislation.

AGENCY EXPERTISE

The successful operation of a business requires experienced, able managers and production supervisors. An agency considering the customer model must have a competent industrial management staff and highly skilled supervisors accustomed to meeting market demands. If this expertise is not available, the employer model is preferable.

The correctional agency should estimate the amount of space and equipment necessary to generate products or services at the production and quality levels required to insure financial survival. The customer model is a viable option for the agency that has the necessary space, equipment, and a production system to operate a business effectively. When the agency has the necessary space but lacks equipment, the production system, or the necessary expertise to administer the industry, the employer

model is a more realistic form of private sector involvement. Without adequate space, neither industry model will be feasible.

AGENCY NEED FOR CONTROL

The level of control that an agency wants to exercise over the business should influence the selection of the model. Obviously, a correctional agency that owns and operates the business has the most control. Agencies that wish to control the business should therefore choose the customer model. Under the employer model most business decisions and the ultimate success of the enterprise will be determined by the private partner. However, the agency implementing the employer model must still exercise control over the correctional and security elements of the enterprise.

TOLERABLE LEVEL OF RISK

Both models expose the correctional agency to the risk of having to deal with potentially rapid changes in work load demand. However, the customer model places greater demands on the agency because it is responsible for operating the business. At the same time, the customer model offers greater potential for direct financial return because it generates revenue for the correctional agency. While the employer model relieves the correctional agency of the burden of running the business, the financial return has been limited to funds deducted from prisoners' wages.

Selecting the most appropriate model should be based on a systematic analysis of a correctional agency's needs, resources, and objectives during the early PSPI program planning stages. However, an agency may find that its initial choice does not address the needs and objectives of the companies willing to consider a PSPI partnership. In this situation, the correctional agency may have to change its choice to accommodate the preferences of potential PSPI partners.

THE EMPLOYER MODEL AND THIS DOCUMENT

Given no compelling reason to the contrary, the employer model should be chosen when planning a new PSPI. The employer model provides the best opportunity to:

- o introduce real world performance expectations, obligations, and rewards to the prison labor force;
- o enable inmates to meet legal and social obligations;
- o generate productive jobs for inmates at relatively low capital cost to the correctional agency; and
- o encourage business efficiency.

The strength of the employer model lies in the freedom it gives company management to make decisions based on sound business principles and practices. Obviously, the prison's classification and assignment practices, security requirements, and daily routine will impose some limitations on any employer model enterprise. But in all other ways company management is free to make operational decisions based exclusively on its assessment of the most effective business practice available.

Management can increase or decrease the work force, add or remove equipment, change products or product pricing, assign supervisory staff, and take numerous other actions which any business must perform to compete in the open market. The result is a prison enterprise which bases its decisions on the same economic considerations it would weigh if it were operating outside the prison.

Employer model projects generally cost the public sector partner less than customer model projects to set up and operate. Under the employer model, the correctional agency's share of PSPI development costs is normally less than it would be in a traditional prison industry or under the customer model. In almost every employer model project, any needed equipment or extensive remodeling has been supplied by the private company. For example, in Arizona and California, Best Western International, Inc. and Trans World Airlines provided all of the equipment needed to operate their prison-based travel reservation centers. In Nevada, Vinyl Products Manufacturing Company contributed to the cost of modifying the prison's loading docks to accommodate its needs.

Because it produces the most benefits for the greatest number of participants, the employer model is the primary focus of this document. When information is presented that does not apply to the employer model, appropriate model specific information is provided.

SELECTING A PRISON FOR PSPI

A comprehensive review of a correctional agency's strengths and limitations is a necessary step when designing a PSPI program. A thorough understanding of these factors can help determine which institution to select as a site for PSPI activity, and what level of institutional preparation will be necessary. Correctional administrators should consider four factors when determining where to establish PSPI.

SPACE

The availability of adequate and appropriate industrial space not only determines the feasibility of establishing an enterprise on prison grounds, but also may influence the types of products and work processes that can be developed and the number of inmates that can be employed.

A space analysis should be conducted to assess the usefulness of existing space for industrial purposes. If new facilities must be constructed, or existing ones renovated, correctional administrators determining how economically and quickly space can be made available should remember to include the costs and delays involved in public works bid processes.

STAFF COMMITMENT

Correctional administrators who have operated successful private sector prison industries report that staff commitment to

the venture, especially from the commissioner and the host facility's warden (and, in the case of the customer model, from the industrial supervisors), is essential to the success of their projects. For this reason, it is important that PSPI be located only in those prisons in which management has expressed a strong interest and willingness to overcome the problems of operating a business as part of a bureaucracy. Success is most likely when institutional management is responsive to the needs of the company and understands that efficiency and productivity must be given high priority. Frequent and timely communication between company and institutional management is vital; for example, company staff must be able to reach the warden or deputy warden promptly when problems develop.

THE INMATE WORK FORCE

Three characteristics inherent in most inmate work forces (reliability, availability, and low cost) are the pivotal resources most correctional agencies can use to attract private sector involvement. However, private sector managers should be aware of the limitations placed on the kinds of products and work processes that can be developed inside a prison as a result of the low educational levels, low skill levels, and high turnover rates which are also characteristic of inmate labor forces. The private sector should also be informed that the educational and skill limitations of the inmate work force can be addressed with remedial education and vocational training, and that high

turnover can be ameliorated by changing classification and assignment policies and procedures.

Most companies want a stable work force; otherwise, their training costs increase. As a result, most firms operating employer model PSPI projects prefer strongly to hire inmates with at least a year remaining on their sentences. A minimum security facility with rapid inmate turnover may, therefore, not be as attractive a site for a PSPI as a medium or maximum security facility whose population tends to stay longer.

INSTITUTIONAL FLEXIBILITY

Correctional staff should be made aware of the challenges confronting any business which operates inside a prison. This can best be done by having them observe the operations of traditional prison industries and discuss operating requirements with industry staff. Such discussions are likely to reveal that businesses and prisons have conflicting management needs: businesses require flexibility whereas prisons thrive on routine. To overcome this basic clash in management needs, the prison and the company may have to modify some of their policies and procedures. The areas in which such changes are most likely to be required are discussed in Chapter Six.

PLANNING AND MANAGEMENT OF PSPI

Assigning responsibility for the planning and management of private sector prison industries involves two considerations:

- o where PSPI will be placed organizationally within the correctional agency, and
- o who will manage the program.

ORGANIZATIONAL PLACEMENT

Most correctional agencies have placed responsibility for private sector prison industry programs under their existing correctional industry programs because of the business experience which correctional industry staff can bring to the development and operation of PSPI. However, some agencies have placed PSPI responsibility elsewhere within the organization because of the concern that staff and management of the correctional industry program may view the PSPI as a competitor for scarce resources (e.g., for space or inmate-workers). For example, in Oklahoma the PSPI program manager reports directly to the director of the correctional agency and in Connecticut the PSPI project director reports directly to the assistant commissioner for programs.

Clearly, the attitude of correctional industry management toward prison-based private enterprise is an important factor to consider when assigning organizational responsibility for PSPI. It will be easier to develop support for PSPI among traditional prison industry personnel if some means of enabling the existing

correctional industry program to recover the expenditures incurred in planning or managing the PSPI program is developed. For example, Kansas and Nebraska allocate a portion of the funds deducted from PSPI workers' wages for room and board to the correctional industry's revolving fund.

SELECTING A PSPI PROGRAM MANAGER

Choosing the PSPI program manager requires a thorough understanding of the responsibilities of that position. The PSPI program manager is typically responsible for:

- o developing the PSPI program,
- o marketing the prison-based work force to private firms,
- o implementing PSPI projects, and
- o maintaining PSPI operations.

To meet these responsibilities, program managers of successful PSPI report that the following background, information, and skills are important:

- o prior correctional agency experience in order to have from the outset the confidence of institutional administrators and an understanding of institutional requirements and concerns;
- o aggressiveness, energy, ability to articulate, and a task-orientation;
- o understanding of how a government bureaucracy works and how to get things done in a public sector bureaucracy;
- o understanding of the problems of business, and how a prison work force can address these problems; and
- o ability to interact comfortably and effectively with business people.

Since it may be difficult to find one person who possesses all these attributes, it may be necessary to compensate for a candidate's weaknesses in some areas by involving other correctional agency staff who can provide the missing expertise. For example, Washington uses its correctional industry sales staff to market its prison-based work force to private companies. Nebraska augments the PSPI program manager's business administration skills with the knowledge and credibility of a deputy warden in the correctional agency.

The existing prison industry program is a good place to find a PSPI program manager, since industry staff already know the agency and understand the problems of business. There may be other staff elsewhere in the agency whose previous experience as work release administrators or institutional business managers is relevant to PSPI or who are currently involved part-time in the business world. Other state agencies also may have personnel in close contact with the business community in such areas as employment, labor relations, or economic development. For example, mental health agencies often manage sheltered workshops, which perform various tasks under contract to private firms. People outside of state government who have experience in marketing, community development, or job creation for alternative labor forces should also be considered.

This chapter addressed four major issues which correctional staff should consider when designing PSPI programs for their agency. The next chapter discusses issues which are likely to affect the development of private sector prison industries in most correctional agencies.

Chapter Three

DEVELOPING A PSPI PROGRAM

This chapter discusses four issues fundamental to the successful development of PSPI:

- o What legal issues affect PSPI?
- o What agency policies may need to be changed?
- o What criteria should be used for selecting PSPI partners?
- o What incentives is the state prepared to offer to attract potential private sector companies?

Chapter Three is written for correctional agency staff who are responsible for developing private sector prison industries.

ASSESSING LEGAL ISSUES

A clear understanding of pertinent federal and state laws is crucial to those who develop and operate PSPI because statutes may: (1) limit access to markets, (2) define allowable types of private involvement, and (3) specify certain rights and

responsibilities for inmates, staff, and private companies. What follows is a discussion of the major federal laws regulating PSPI and a description of the various elements of enabling legislation at the state level.

FEDERAL LEGISLATION

Three federal laws were passed during the 1930s and 1940s which effectively shut down the interstate commerce of prison-made goods: The Hawes Cooper Act, the Ashurst-Sumners Act, and the Sumners-Ashurst Act. Hawes-Cooper made prisoner-made goods transported from one state to another subject to the laws of the importing state, thus allowing a state to prohibit the sale of all prisoner-made goods, no matter where they were produced. Ashurst-Sumners made it a federal offense to ship prisoner-made goods into a state which had banned such goods under Hawes-Cooper. Sumners-Ashurst, which superseded Ashurst-Sumners, made it a federal offense to transport prisoner-made goods in interstate commerce for private use, even if the importing state did not prohibit such transport.¹⁰

By the mid 1940s most state legislatures had forbidden the open market sale or importation of prison-made goods within their borders, effectively barring the private sector from correctional facilities. As a consequence, prison-based manufacturing operations became state owned and operated businesses, selling

¹⁰Hawes-Cooper is codified at 49 U.S.C. Sec. 11507, and Sumners-Ashurst at 18 U.S.C. Sec. 1761.

goods in the highly restricted "state-use" market--public agencies.

In 1979 Congress amended the Sumners-Ashurst Act to remove barriers to the interstate transportation and sale of prison-made goods and created the Private Sector Prison Industry Enhancement Certification Program (PS/PIEC). The new law, P.L. 96-157, Sec. 827, codified at 18 U.S.C. 1761(c), provides that 20 correctional agencies could engage in the interstate shipment of prison-made goods for private use if:

- o inmates working in private-sector prison industries are paid at a rate not less than that paid for work of a similar nature in the locality in which the work takes place;
- o prior to the initiation of a project, local unions are consulted; and
- o the employment of inmates does not result in the displacement of employed workers outside the prison, does not occur in occupations in which there is a surplus of labor in the locality, and does not impair existing contracts for services.¹¹

Administered by the Bureau of Justice Assistance of the Department of Justice, the program provides that once a state or county has been "certified" as having met all required conditions, goods produced in its correctional agencies for

¹¹Additional PS/PIEC Program provisions require that: statutory authority to administer prison industry programs be in place; contributions to victim compensation or victim assistance programs of not less than 5% nor more than 20% of gross wages be authorized; inmate participation be voluntary; provision be made for the compensation of injured workers; and there be some involvement of the private sector. For a complete description of PS/PIEC Program requirements see Figure Three on page 39.

private use may be shipped in interstate commerce.¹² However, all PSPI projects are not certified. Non-certified projects include those that need not be certified because their products are sold entirely within state boundaries and do not therefore place goods in interstate commerce; those that provide services and not products; and, those that place products in interstate commerce but for some reason have not been certified.

STATE LEGISLATION

State statutes authorizing private sector prison industries typically provide the parties to a prison-based industrial partnership the authority necessary to establish and operate a business in the prison setting, and provide protections and incentives for the parties involved in PSPI. The following issues are most often addressed by state lawmakers in drafting enabling legislation for PSPI.

1. Open Market Sales

This is the key building block necessary for the development of PSPI, because unless the product can be sold competitively on the open market, the private sector is by definition excluded. All states operating PSPI must have such a provision in place.

¹²18 U.S.C. 1761(C) did not amend the Hawes-Cooper Act so that goods produced in certified projects may not be sold in those states which choose to prohibit the open market sale of prison-made goods within their borders.

Figure Three

PS/PIE Certification Requirements

1. **ELIGIBILITY REQUIREMENTS.**
All states and units of local government are eligible to apply for certification.
2. **CRIME VICTIM COMPENSATION OR CRIME VICTIM ASSISTANCE.**
Applicants must be able to collect and provide for financial support to victim compensation or assistance programs. The recipient agency must be able to accept funds from the applicant. The amount should be not less than 5% nor more than 20% of gross wages.
3. **CONSULTATION WITH ORGANIZED LABOR.**
Consultation with local union central bodies must take place prior to the submission of the application.
4. **CONSULTATION WITH LOCAL PRIVATE INDUSTRY.**
Consultation with local businesses that may be affected by the project(s) must take place prior to the submission of the application.
5. **PAYMENT OF PREVAILING WAGES.**
Wage plans must show wages comparable to those paid for work of a similar nature in the locality in which the project is located, as verified by the appropriate state agency.
6. **FREE WORKER DISPLACEMENT.**
Paid inmate employment must not result in the displacement of employed workers, or be applied in skills, crafts, or trades in which there is a surplus of available gainful labor in the locality, or impair existing contracts for services.
7. **VOLUNTARY PARTICIPATION.**
Inmate workers must participate voluntarily and agree in advance to wage deductions.
8. **WORKERS' COMPENSATION.**
Inmate workers are entitled to compensation as a result of injuries sustained in the course of employment.
9. **PRIVATE SECTOR INVOLVEMENT.**
Applicants must provide for substantial involvement of the private sector.

2. Private Sector Employment of Prisoners vs. Private Sector Contracting for Goods or Services

Statutory authority to permit private sector employment of prisoners will create the employer model, since it sets up the private sector company as the employer. Legislation to permit private sector contracting for goods or services will result in the customer model, since the correctional agency will be the employer. State legislators could permit either approach, but authorizing both approaches (as most states have done) provides correctional administrators with more flexibility.

3. Wages

Certification by the Bureau of Justice Assistance under the PS/PIEC Program mandates the local prevailing wage approach by requiring that wages be set "at a rate not less than that paid for work of a similar nature in the locality in which the work is performed." Certification also requires a base wage of no less than the federal minimum wage. States with a minimum wage higher than the federal minimum wage may mandate the state level.

4. Benefits

Section 1761(c) requires that prisoner workers not be deprived, solely by their status as offenders, of "the right to participate in benefits made available by the Federal or State Government to other individuals on the basis of their employment, such as workmen's compensation." Certification guidelines have interpreted this provision to require that some kind of injury compensation be provided to PSPI workers. Most states have included PSPI workers in their existing Worker's Compensation coverage for state employees if they are using the customer model; if they are using the employer model, PSPI workers are included under the company's policy. Some states have authorized unemployment compensation, although Section 1761(c) prohibits collection of benefits until release. The status of other benefits such as sick leave, vacation, and seniority rights has not been clarified by most state legislatures to date.

5. Incentives for the Private Sector

States have not yet developed a full set of private sector incentives. This is an area where more creative approaches are necessary. Two incentives used in a small number of states are a state income tax credit for employers who establish a PSPI, and preference in the purchase of goods by the state from PSPI companies.

6. Prisoner Voluntarism

To prevent exploitation of prisoners, Section 1761(c) requires that inmates participate in PSPI voluntarily. States seeking certification therefore include language in their enabling legislation requiring that inmate job applicants be informed of the conditions of employment before beginning work and that they participate on a completely voluntary basis.

7. Protection of Non-Prison Labor

A number of states have designed legislation to protect the jobs of workers outside the prison, given the opposition to PSPI from organized labor in the past. Provisions include language that non-prison labor may not be displaced by prison-based projects.

8. Deductions from Prisoner Wages

Almost all of the states which authorize PSPI provide for deductions from prisoner wages. Since 1761(c) allows up to 80 percent of gross wages to be deducted, a state seeking certification should ensure that its deduction schedule does not exceed that amount. Section 1761(c) permits only four types of deductions: taxes, room and board, family support, and victim compensation (no more than 20 percent but not less than 5 percent is specified in the legislation for victims). Since these four types of deductions are authorized but not mandated, a state is free to determine which of these deductions it will take. (The one exception is an administrative requirement of the PS/PIEC Program that deductions be taken for victim compensation or assistance. This means that states should establish authority both for the PSPI to distribute funds to the state administered victim compensation program and for the victim program to receive such funds.)

9. Rent/lease of Property

Most states have statutory language which specifically authorizes the correctional agency to rent or lease property or space to the private sector for the purpose of establishing businesses to employ prisoners.

10. Employment Status of Prisoner Workers

Few states have a provision addressing inmate employment status in their PSPI legislation. States which do either deny prisoners employee status or make them eligible for all benefits and wages provided to other employees of a business engaged in similar work.

REVIEWING AGENCY POLICIES

It is important that agency policies which may affect or be affected by PSPI operations be reviewed and revised as necessary to avoid potential problems, to serve as clear guidelines for institution personnel, and to provide the proper groundwork for subsequent decisions. Key policy areas to review include:

1. Inmate Wages

The provisions of policy manuals or administrative bulletins governing inmate wages, including provisions for approved or required deductions and required savings, should be revised, as necessary, to reflect the wages and deductions associated with PSPI. The method by which prevailing wages are determined should be documented. It may be necessary to change pay plans for other types of inmate work to avoid conflicts in competing for skilled inmate-workers.

2. Classification and Assignment Practices

Issues to address may include special protection for the private employer to minimize turnover; eligibility criteria for employment; limitations on the number of long termers to be employed in order to provide employment opportunities for more inmates over time; assigning all PSPI workers to the same housing unit; and the conditions governing interinstitutional transfer of PSPI workers for agency convenience.

3. Inmate Discipline and Rights

Handling disciplinary actions resulting from incidents at work, the effect of non-work related disciplinary actions on PSPI participation, and the applicability of the inmate grievance or appeals procedure to the PSPI work setting are examples of policies in this area that may need revision or adoption.

4. Prison Industries Operations

Existing policies governing traditional prison industries may have implications for PSPI or may have to be revised in light of changes proposed for PSPI. Classification and assignment policy changes made for PSPI, for example,

should be considered for existing prison industries as well. This review is especially important for the customer model.

5. Compliance with Federal Guidelines

Whether PS/PIE certification is sought or not, compliance with its requirements should be considered in order to blunt possible criticism from community groups or competitors. Essential elements of certification should be specifically covered by policy statements.

6. Health and Safety

Policies governing fire, health, safety, sanitation, and other occupational safety and health considerations for inmate workers should be specified regardless of who acts as the employer.

7. Responsibility of Headquarters and Institutions

Limits to the institutional management's flexibility in determining the conditions affecting a PSPI should be clearly specified, including when correctional agency policies and considerations take precedence over institutional interests.

Once the necessary policies have been reviewed and revised the PSPI program manager is ready to turn his attention to the business of finding a private sector partner.

SELECTION CRITERIA FOR COMPANIES

The task of selecting and recruiting appropriate companies remains one of the principal challenges in developing PSPI. Many correctional agencies have found that recruitment based on well-defined selection criteria is more effective in the long run than recruitment which is opportunistic in nature.

When establishing criteria for selecting companies correctional administrators should keep the four considerations that are discussed below in mind.

SIZE OF THE PROJECT

An agency may establish a minimum number of inmates it wants employed when selecting prospective private sector partners. Some private firms have expressed an interest in establishing prison-based operations, but could not provide work for more than ten inmates. Such a small number of jobs may be welcome in a small county jail, but may not be cost-effective in larger correctional facilities. (However, some companies may wish to begin operations with a pilot effort involving only a few inmates and expand employment gradually as the project matures.)

Correctional administrators should also determine the maximum number of inmates which can be employed in PSPI. While the amount of suitable space will probably define the employment limit, it is important to consider the number of inmates who are unavailable because of medical or disciplinary reasons or because they are required for essential institutional activities.

When establishing employment goals, the agency should examine the relative merits of developing several small PSPI projects versus one large project. While multiple projects require more administration because they involve different working relationships with several companies, one large project

employing all available inmates runs the risk of placing all of the agency's "eggs in one basket."

PSPI SKILLS TRAINING GOALS

The type of work to be performed, and the duration or the amount of work available from a private firm, are also important considerations in establishing selection criteria for prospective PSPI companies. Some correctional agencies concentrate on developing short-term, cyclical, job-shop activities, while others focus on developing joint ventures which provide steady work and some degree of skills training. Highly successful examples of both types of enterprises exist. For example, in Hennepin County, Minnesota inmates perform a variety of simple assembly, sorting, and packaging services which require a minimum of training. Conversely, the Trans World Airlines and Best Western International travel reservation centers in California and Arizona require that inmate job applicants be able to type 20 words per minute, be sales oriented, and have a working knowledge of geography.

PROXIMITY TO THE PRISON

Corporate executives considering PSPI are likely to be concerned about shipping costs, shipping time, and the ability of supervisory personnel to reach the prison quickly. As a result, most companies want their headquarters (or local manufacturing or service facility) to be located within 50 miles of the prison to

keep travel time under an hour. For example, the Vinyl Products Manufacturing Company's headquarters is 5 miles from the Northern Nevada Correctional Center in Carson City, Nevada in which one of the company's production plants is located.

SIZE OF THE COMPANY

How to market PSPI and how much effort is required to do so depend on the size of the company which is under consideration.

Advantages of selecting small companies (under 50 employees) as potential PSPI partners include:

- o easier access to decision makers than with large companies;
- o greater willingness to participate in risky ventures; and
- o less likelihood of creating union opposition.

The advantages of selecting large companies as potential PSPI partners include:

- o increased visibility,
- o increased stability,
- o greater employment potential, and
- o increased variety of operations.

The reasons for selecting a small or large company will vary with the circumstances of each correctional agency. For example, correctional agencies with limited marketing resources or limited marketing skills should focus on smaller companies since it will take less time and effort to reach the decision makers in these

companies than it does those who are part of a larger corporate bureaucracy.

Correctional agencies should be particularly cautious when selecting small companies just starting up as potential partners. The opportunity to secure low-cost or no-cost space and an immediate work force is likely to create a great deal of interest among fledgling companies. Unfortunately, the risk of failure is high in any company's start-up phase. As a result, the PSPI program manager needs to examine carefully the background and financial records of the individuals who are investing in and managing the new company before initiating serious negotiations with the firm.

INCENTIVES TO ATTRACT COMPANIES

While a prison-based work force offers distinct advantages to companies in certain circumstances, the prison environment also presents several disadvantages. As a result, many companies require additional incentives to make the prospect of locating operations inside a prison more attractive than other alternatives. It is important, then, that the correctional agency identify incentives during the early planning phase of PSPI so the agency can determine in advance what incentives it can legally offer, how these incentives will be justified to avoid future criticism, and whether the involvement of other state agencies may be required.

The ability of correctional agencies to make commitments regarding some incentives may depend on state legislation. For example, some state laws provide tax benefits to companies employing prisoners, while other states grant preference in bidding on state contracts to such companies. There has been limited experience, however, with such incentives and their effectiveness is therefore not yet clear.

Experience suggests that the single most valuable incentive is the provision of space or utilities at below market rates. In some cases, correctional agencies have provided free space or utilities to their partners to help offset start-up costs, and then adjusted the terms as the enterprise's financial condition improves. In other cases, the low or nonexistent rates continue indefinitely. Inexpensive or free space and utilities are particularly appealing to small companies; large corporations participating in PSPI have indicated that such incentives are welcome but not a major contributing factor in their decision to locate operations in a prison. When free or inexpensive space is available, but company operating requirements necessitate modifications to the physical plant, some correctional agencies have funded such modifications as an incentive. For example, the Omaha Correctional Center in Nebraska converted its abandoned vinyl products plant into a facility suitable to accommodate the needs of the TGS Telemarketing Company.

Another potential incentive is training the inmate work force. This incentive may be particularly important because a

company's costs for training inmates may be higher than for training workers in the community. The lack of skilled workers in prison and the high turnover among prisoners typically raises training costs. In some instances, correctional agencies use educational funds or Job Training Partnership Act (JTPA) funds to provide pre-employment training.¹³ For example, the Strafford County Department of Corrections in Dover, New Hampshire uses JTPA funds to subsidize pre-employment training for the inmates who assemble electronic components for the GFS Manufacturing Company which contracts with the jail for the assembly of small devices used in electronic equipment.

This chapter has examined a number of important developmental steps: evaluating legal issues, reviewing agency policies and procedures, establishing criteria for selecting companies, and identifying incentives to attract the private sector. The correctional agency which has satisfactorily addressed these factors is ready to begin the marketing effort--the campaign to attract business partners--which is the focus of the next chapter.

¹³ The Job Training Partnership Act provides federal funds through the state Office of Economic Development for vocational training for certain categories of disadvantaged citizens, including inmates.

Chapter Four

FINDING PRIVATE SECTOR PARTNERS

This chapter on finding companies for PSPI and the following chapter on contacting companies are significantly different in style and content from the other chapters. The information presented in Chapters Four and Five is detailed and pragmatic, because it is intended primarily for correctional agency staff who will carry out the actual identification and recruiting tasks described. The material is also more detailed because prison industry directors have found that identifying and recruiting private sector partners is the single most difficult task in developing PSPI.

Experience in states and counties with successful PSPI reveals, however, that when approached systematically, suitable private sector partners can be identified and recruited. This chapter describes a process for identifying and selecting specific companies which are likely to be potential partners for

prison-based enterprises. It is not radically different from any typical marketing process, but it addresses the unique situation of a correctional agency seeking private sector partners.

The process addresses such questions as:

- o What are the principal difficulties in marketing a prison work force to private companies likely to be?
- o What approaches can be used to market a prison work force to private companies?
- o What kinds of companies are most likely to work with private sector prison industries?
- o What questions and concerns is a private sector manager likely to have about prisons and inmates?

SETTING THE DIRECTION

THE NATURE OF THE CHALLENGE

Unless unemployment is very low in the community in which the prison is located, marketing PSPI may be a difficult task. What is being sold is an intangible concept, always more difficult than selling a concrete item like a piece of machinery or a system component. Moreover, the concept being sold--the availability and dependability of a unique labor force--comes encumbered with numerous problems.

Two features of PSPI are particularly troublesome to the private sector. First, the labor force consists of individuals who must remain in prison. This raises concerns about violence, personal danger, or perhaps even recollections of direct personal

or family exposure to crime. Because most business people have had limited exposure to prisons, they do not easily accept the idea that a normal business can operate in such an environment.

Second, prisons are government entities within larger government bureaucracies. Private sector managers (especially in small businesses) often believe bureaucracies make decisions slowly, make unexpected changes in direction, and interfere unnecessarily in business operations. In addition, some private sector managers may have had a bad experience with the quality of a product or service provided by a traditional prison industry.

Other factors may increase the difficulty of involving companies in a PSPI partnership:

Public Opinion A private firm may have serious concerns that participation in a joint venture employing prison inmates will create an adverse image, either in the general public or among the company's customers.

Foreign labor Companies that might otherwise be prime candidates for PSPI may either be considering or already setting up plants in foreign countries.

Risk Aversion Many business people, especially those in large corporations, are reluctant to take risks unless the anticipated rewards are virtually assured. Private sector prison industries pose uncertainties which many corporate managers may perceive as too risky.

TWO WAYS TO FIND COMPANIES

There are two basic ways to find companies for a PSPI enterprise: the proactive approach and the reactive approach. Each has advantages and disadvantages. The question for the PSPI

program manager is which approach should the correctional agency emphasize?

The proactive approach requires a substantial amount of data gathering and research to identify candidate companies. In the proactive approach there is an active outreach attempt and companies are screened by the correctional agency before they are approached. Because the companies are screened for suitability prior to contact, the correctional agency can respond aggressively when a company expresses interest and avoid wasting time with unsuitable candidates. The advantage of the proactive approach for the correctional agency is that it provides greater control over the process of identifying companies and can be initiated with little visibility.

In the reactive approach, the correctional agency makes known that it is interested in finding companies that will employ prison inmates within a prison, and then awaits responses. Companies are screened when they make contact with the correctional agency. The advantages of the reactive approach are that it is relatively easy to initiate and it presents a greater opportunity for attracting unlikely but potentially desirable prospects.

It is not difficult to initiate the reactive approach--a few speeches before business groups or well-placed newspaper articles may suffice. Some of the most successful prison-based enterprises have resulted from company initiated contacts, including the Best Western International travel reservation

center at the Arizona Correctional Institution for Women in Phoenix. Best Western contacted the director of the Arizona Department of Corrections in 1981 and asked if they could employ prisoners because they were unable to find workers in the community to report to work within a moment's notice to handle call over-flow. But the reactive approach often generates interest from companies which are marginal candidates at best for a prison-based enterprise because company management misconstrues prison labor as "cheap" labor.

To be successful, the reactive approach requires extensive publicity. This may be a disadvantage since in some cases, for political or other reasons, a correctional agency may wish to keep a low profile in the initial stage of developing PSPI. Because of its controlled nature, the proactive approach enables a correctional agency to maintain a lower visibility, thereby decreasing the likelihood of premature objections from parties concerned about providing private sector jobs for inmates.

Most correctional agencies use a combination of the two approaches, but emphasize one depending on such factors as the personal style of the agency head or PSPI program manager, perceived strength of political support for the concept in the executive and legislative branches of government, the degree of top management commitment to the concept, and the availability of an effective sales person.

THE PROACTIVE APPROACH

Once the choice of approach has been made, the process of finding private sector partners for the PSPI can begin. The discussion below describes the considerations and procedures involved in carrying out the proactive approach; discussion of the reactive approach is presented in the following section.

PROSPECTING FOR COMPANIES

Because most correctional agencies have limited resources for marketing their prison-based work force, staff must focus their attention on industries which are most likely to employ inmate-workers. These industries share four characteristics:

- o need for low skilled labor,
- o labor intensive manufacturing or service processes,
- o rapid and unpredictable or cyclical changes in workload,
- o use of alternative labor sources.

Figure Four on the following page lists key questions about each of these characteristics.

There are two ways to identify specific companies in industries having the characteristics listed above.

Research

The state Directory of Manufacturers, the Million Dollar Directory, and the Standard & Poor's list of all public and private companies can be used to identify companies in a given

Figure Four

Questions Related to key Industry Characteristics

Need for Low Skilled Labor

- o Does the industry employ low skilled labor?
- o Is it typical that a certain company within the industry is always looking for entry level, unskilled workers?
- o Do advertisements in newspapers or job orders through the unemployment office reflect a constant need for entry level labor?

Labor Intensive Manufacturing or Service Process

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

Rapid and Unpredictable or Cyclical Changes in Workload

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

Use of Alternative Labor Sources

- o Have some companies in the industry moved to other countries in order to reduce labor costs?
- o Is some of the industry's manufacturing or service process contracted out?
- o Is the industry known to use a large amount of temporary or contract labor?
- o Do companies within the industry seek alternative sources of labor, such as sheltered workshops or college students, to meet their labor requirements?

state by Standard Industrial Classification (SIC) Codes, size, and location. Each of these references provides the company's address, phone number, product or service, number of employees, and names of executive officers. SIC codes that should be examined closely by correctional staff prospecting for potential PSPI partners include: 2300 - 2399, 2434 - 2499, 2511 - 2599, 2652 - 2657, 3142 - 3199, 3444 - 3449, 3571 - 3579, 3621 - 3639, 3651 - 3669, 3674 - 3679, 3694 - 3699, 3942 - 3944, 3991 - 3993, 5961 - 5963, 7331 - 7374, 7379, and 7641 - 7694.

Companies having these codes should be further screened to identify those of the ideal size desired by the agency, which are within 50 miles of the prison, and which are experiencing problems that can be addressed by hiring a prison-based work force.

Networking

PSPI marketing staff should also utilize local sources of knowledge about the business community to identify prospective PSPI companies. For example, state and local employment agencies and temporary help firms know which companies are looking for unskilled, entry-level labor. Directors of sheltered workshops and local vocational/technical schools may be able to identify which companies in the area use alternative sources of labor. Leaders of state and local chambers of commerce and business and industry associations may know of companies that can benefit from hiring a prison work force. Some correctional agencies have

hired consultants familiar with the business community in their states to help identify potential PSPI partners. Finally, personal contacts within the agency itself (e.g., members of the correctional industry advisory board) may be able to provide advice and contacts with local industry.

After a list of prospective companies has been developed using either or both of the above methods, information which will be useful in supporting a PSPI marketing campaign targeted to those companies can be gathered.

GATHERING SALES INFORMATION

To be effective, the individuals conducting the PSPI marketing campaign must show why a prison work force represents an opportunity. To do this, the PSPI sales representative must be knowledgeable about:

- o the prison work force,
- o the prison facility, and
- o common private sector concerns about prisons and inmates.

The Prison Work Force

The primary resource which any correctional agency has to offer to the private sector is its inmate work force. The challenge for the person making the initial contact with the private sector is to explain convincingly the unique characteristics of the prison-based work force. The manner of

presentation should motivate the private manager to look more closely at prisoners as an attractive option for addressing company needs.

The PSPI sales representative must be prepared both to describe the general characteristics of the prison-based work force which make it attractive to firms that need entry level labor, and to answer specific questions about the work force. The private sector's initial questions typically include:

- o How many inmates are available for work, per shift?
- o What is the educational level of the inmate workers?
- o What is their skill level?
- o How long will the inmates be available for employment?
- o What prior work experience have the inmates had?
- o What is the age and sex of the available inmates?
- o What types of offenses did the available inmates commit, and what is their security level?
- o Are there vocational training programs within the prison which may help to prepare eligible inmates to work for the company?

The Prison Facility

The private sector manager will want to know the prison's location and its internal layout. Information should be compiled and made available about any zoning restrictions pertaining to the prison and about its location in relation to major highways, railroad sidings, airport terminals, industrial parks, and major metropolitan areas.

Private Sector Concerns

The initial contact with the PSPI sales representative will be the first significant contact with prisons for most private business managers. Any general information they may have about prisons is likely to have come from press coverage of negative or sensational events such as prison overcrowding or riots. It is unlikely that they will have any prior knowledge of private sector prison industry operations. The PSPI sales person, therefore, should be prepared to address reservations the business manager may raise about prisons in general and prison-based business operations in particular. The best way to overcome initial concerns about whether prisons are viable hosts for private business ventures is to point out that prisons are orderly institutions in which normal activities (such as work, education, and recreation) take place on a routine, predictable basis.

Most private sector managers will also express several concerns about the feasibility of a prison-based operation for their company including the following:

- Cost: Can the work be done at competitive cost rates?
- Quality: Can prisoners produce quality goods and services?
- Control: How much say will my company have in hiring the work force? If my company locates equipment inside a prison, will it be subject to searches by prison staff?
- Logistics: Can delivery schedules be met? How much access will company staff have to the work site? How much "red tape" will be involved in operating in a prison?

These concerns can be addressed by referring to examples from existing private sector prison industries involving similar companies. If no positive PSPI track record can be described it will be helpful to point to instances in which the prison has addressed these same issues for its state-use industry program.

SCREENING COMPANIES FOR INTEREST

Before approaching a company to determine whether it may be interested in hiring prisoners, the PSPI staff should confirm that the person to be contacted is still in the same position. Names, addresses, and telephone numbers can be obtained from the industrial directories cited earlier but these listings may not be accurate, and recent turnover in the position may have occurred. Confirming positions and addresses can be done quickly by calling the company personnel office.

The private sector prison industry concept may be difficult to explain to those who are not familiar with it. As a result, whenever possible the correctional agency should use available informal contacts or personal networks to contact a decision maker in a company targeted for a PSPI sales approach. If an intermediary is not available, the correctional agency's representative should send an introductory letter to the company contact. The purpose of the letter is to create enough curiosity about PSPI to motivate the recipient to meet with a PSPI sales representative. The letter should outline briefly the PSPI concept, emphasizing as concretely as possible how a prison-based

work force could potentially improve the company's operations. A specified date when the PSPI sales representative will call the letter's recipient to obtain his reaction to the letter should also be mentioned. Figure Five on the following page provides an example of a letter a correctional agency could use to contact a decision maker in a company.

Because the letter will be competing with many others for the recipient's attention, influential recommendations or references should be used to improve the letter's impact. For example, a letter of recommendation might be included from the president of the chamber of commerce or a prominent local business executive.

The PSPI sales representative should call the company on the date specified in the letter. If a secretary screens the call, it is helpful to mention the letter that was sent. Was the letter received? Has the manager seen the letter or commented on it? If the manager can not come to the phone, the PSPI sales representative should leave a message and find out the best time to call back.

Figure Five
Sample PSPI Contact Letter

January 1, 1990

Jane Doe
President
ABC Corporation
123 First Street
Companyville, U.S.A. 10101

Dear President Doe:

I am writing to introduce you to an innovative and exciting new concept: the formation of mutually beneficial joint ventures between companies and prisons which employ a prison-based work force.

These joint ventures are operating in a number of states. In California, for example, TWA employs inmates as travel reservation agents. In other states inmates perform a variety of jobs for the private sector including: data entry, wood working, electronic component assembly, packaging, garment sewing, industrial drafting, sheet metal fabrication, and telemarketing.

TWA and the other companies employing inmates do so because prison-based work forces are highly motivated and readily available to do a variety of jobs. They can be made available on short notice to enable companies to deal with peak or unanticipated demand situations. They work productively and provide a product which is at least comparable in quality to that obtained from a civilian work force.

In addition to a highly motivated work force which can be trained to meet your needs, industrial space inside our correctional facilities could be made available to your firm at nominal cost should you be interested in employing inmates as a part of your work force.

I would like to discuss how this concept could be an opportunity for your company and will be calling you the week of June 3rd to to discuss this matter further.

Sincerely,

John Smith
Director
Private Sector Prison Industries

When the manager is reached, the PSPI sales representative should reiterate what PSPI is about. This introduction should be outlined in advance, then practiced--explaining PSPI in just a few minutes is very difficult to do spontaneously. The explanation should be clear, concise, and convincing. Once the request for a meeting is made, the manager will generally ask a number of questions. These questions should be answered with an eye towards setting up a meeting. The emphasis should be on conducting a sales presentation on the PSPI concept and how PSPI might improve company operations. The PSPI sales representative should not be discouraged because many companies will have no interest in a PSPI partnership. The correctional agency is seeking a company that is interested in a new and innovative idea; many companies will not be.

In the discussion below, the considerations and procedures involved in implementing the reactive marketing approach are explained.

THE REACTIVE APPROACH

GETTING THE MESSAGE OUT

Successful marketing of PSPI by means of the reactive approach requires extensive publicity announcing the correctional agency's interest in establishing joint ventures with the private sector. The announcement can be delivered by any agency staff familiar with the PSPI concept, and it can be delivered in a

variety of forms and forums, including making mention to acquaintances at social gatherings or service club meetings; holding discussions on local radio or television programs; making presentations to business or service groups; placing articles in newspapers, trade publications, or business magazines; doing mass mailings to businesses; and providing presentations or hand-outs at trade shows. The effort must be persistent and extensive, given the relatively low probability of a positive response from an appropriate company.

RESPONDING TO INQUIRIES

Once the correctional agency publicizes its interest in establishing PSPI, it should be prepared to respond knowledgeably and promptly to inquiries. The PSPI program manager should be able to answer questions about the correctional agency, about prisons and a prisoner work force, about PSPI, and about the correctional agency's interest and requirements concerning PSPI. The program manager also must be able to ask the necessary probing questions in order to screen out inappropriate respondents. (The telephone number and address of the PSPI program manager should be included in any literature or brochures circulated during the course of the marketing effort. All agency personnel should be made aware of the PSPI marketing effort and know to whom enquiries should be directed.)

Inappropriate respondents include companies wanting to use inmates as a source of cheap labor, companies looking for work

releasees or some alternative form of joint venture, and companies whose product or manufacturing process is unacceptable for security, health, or safety reasons. Some companies may appear inappropriate but warrant further investigation, such as companies that can use only a small number of inmates (the number could increase as experience with PSPI grows); companies that have only a short-term need for inmates (the need could expand as experience with PSPI grows); or companies that have unusual requirements related to logistics, transportation, or working hours (upon further investigation the agency may be able to meet these requirements).

Many responding companies may be unknown to the agency (particularly if a company is just starting up, as often will be the case), prompting concerns about the company's reputation, financial soundness, and long-term stability. If possible, unknown companies should be investigated through relevant agencies such as the attorney general's office, the consumer affairs department, the Better Business Bureau, credit bureaus, and the state tax department before proceeding further.

Companies that are not screened out on the basis of initial investigation should be visited. If the agency has a PSPI marketing brochure, it should be sent to the company in advance of the visit. From this point on, the reactive marketing process follows the process described in the next chapter. There is a subtle difference, however, in that while the proactive approach has the initial contact being made by the agency, in the reactive

approach it is made by the company. Consequently, while the first meeting in the proactive approach can focus on the agency's selling PSPI to the company, in the reactive approach more of an effort must be made to get to know the company, to determine if the company is growing or at least stable, and to understand better why the company is interested in PSPI.

Some of this information can be obtained prior to the initial visit, but much of it must await the actual visit. At that time the sales representative can probe, observe, and make judgments about the company's operations, its location and internal and external appearance, and about the climate within the company. The ability to make these observations develops as a result of years of experience; it can not be taught easily.

Experience in states which have been operating PSPI for several years indicates that correctional agencies are more likely to meet the challenge of successfully marketing their prison work force if they are selective in choosing companies to approach and are knowledgeable about how a prison-based labor force can address a particular company's needs. The next chapter examines how a correctional agency can use the information gathered during a PSPI marketing campaign to make a successful PSPI sales approach to a company.

Chapter Five

CONTACTING PROSPECTIVE PSPI PARTNERS

There is no mystery associated with the selling of a prison based work force. However, prison industry directors have found this step to be a major problem in the development of PSPI. As a result, the information in this chapter, as in Chapter Four, is significantly more detailed than other information in the document. Furthermore, the chapter is not written for policy makers but rather for correctional staff who will be responsible for recruiting private sector partners for PSPI. The chapter addresses three key questions:

- o How should the PSPI representative prepare for the first meeting?
- o What factors should the correctional agency representative be most aware of when conducting a meeting for the first time with a prospective PSPI partner?
- o What should be done after the initial meeting with a private sector manager?

PREPARING FOR THE FIRST MEETING

To prepare for the initial meeting with a prospective partner, the PSPI representative must gather information showing how a prison-based work force can address the particular needs and interests of the company that will be visited and be prepared to present that information in a professional manner. The discussion that follows addresses each of these points.

GATHERING INFORMATION ABOUT THE COMPANY

The primary reason for gathering information about the company is to learn how it views itself, what its present business environment is, and how it handles its labor force. Understanding these issues will allow the PSPI sales person to make a much better impression at the first meeting by demonstrating knowledge and sensitivity to the company's specific needs.

Researching answers to the following kinds of questions in advance will help the PSPI sales representative understand the concerns of the company and whether or not the prison is a good solution to the needs of the company:

- o Who are the company's customers?
- o Are the company's products closely regulated substances, such as food or chemicals?
- o Has the company recently laid off or hired workers?
- o Do company employees have a union?
- o Is the work process highly automated?

- o Does the company use sheltered workshops, contract laborers, or work release inmates?
- o Does the composition of the company's work force consist of mostly men or women?
- o Has the company moved some of its operations to foreign countries? Has it considered doing so? Does the company use foreign-based suppliers?
- o Does the operation involve proprietary or specialized equipment?
- o Is the operation one long continuous process, or can it be broken into smaller pieces?
- o Are there any current labor problems such as availability, reliability, or drug use?
- o Would the availability of a lower cost work force allow the company to do something that it can not do profitably now?

Much of this information can be learned from sources such as those listed in Figure Six. This knowledge will enable the PSPI sales representative to assess the appropriateness of a joint venture and determine how best to share his opinion with the company manager.

PREPARING THE SALES PRESENTATION

Whether to prepare a complete script or an outline of the sales presentation, depends on the particular style of the sales person. It is important not to develop a stale "canned" presentation, but rather one that engages and retains the interest of a busy person accustomed to dealing with people who are seeking favorable action on a request.

Figure Six

Sources of Information about Companies

The Company Annual Report

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

The Company Itself

Most large companies have someone who handles public affairs or customer support. A ten minute call to this person may provide more information than a month's research.

Trade Associations

Most industries have a trade association that publishes newsletters and industry updates on a regular basis. Such publications can often be received for a nominal fee.

The State Department of Employment

This agency may be able to provide valuable information about the hiring practices of a potential PSPI partner.

Personal Contacts

Correctional staff may know someone who can provide valuable information about the company.

Newspapers and Magazines

The business section of newspapers and magazines such as "Business Week" are a good source of information about economic and social trends affecting industries and specific companies.

The PSPI sales representative should be prepared to answer tough questions about prisons and an inmate work force. The most effective responses will be those that include descriptions of favorable experiences with PSPI that other companies (preferably companies in the same or similar line of business as the target company) have had. To provide these descriptions, the PSPI sales representative should interview the managers of PSPI in other states and develop a record of testimonials to successful PSPI activities. For example, in response to a question about credit card fraud in telemarketing operations, the PSPI sales person could point out the positive security record of Best Western in Arizona, TWA in California, and TGS Telemarketing Company in Nebraska.

Because people tend to remember more of what they see than what they hear, the sales representative should prepare visual material as part of the oral presentation. For example, samples of products made in PSPI operations can be shown as well as relevant newspaper or magazine articles. A professionally prepared brochure can be left with the manager.

Although it is very important that the PSPI sales representative relate the PSPI concept to the products or services and needs or problems of the company, this need not be done too specifically during the initial face-to-face meeting. However, it should be done with increasing specificity in later meetings.

When preparing the sales presentation, it is unrealistic to assume that the first meeting will result in a "sale" or even the likelihood of a sale. Rather, it is important to remember that the purpose of the initial meeting is to exchange information to enable both parties to determine whether they can establish a mutually beneficial business relationship. With this in mind, the PSPI sales representative should be just as alert for information about the company which may eliminate it as a potential partner as he is for information which may lead to further discussions about mutual opportunities.

If it becomes apparent during the first meeting that a prison-based operation may be an appropriate undertaking for both parties, the meeting should build on the initial mutual interest of the correctional agency and the company to make the need for a second meeting appear obvious.

CONDUCTING THE FIRST MEETING

The discussion that follows focuses on basic sales elements which are important for the PSPI sales representative to keep in mind and on how those elements are likely to come into play during the initial meeting with a prospective PSPI company. The elements discussed below are the fundamentals of any successful sales approach and consist of the sales representative's ability to:

- o naturally project a confident, professional manner,
- o gain an understanding of the company's needs,
- o present realistic solutions to the company's problems,
- o recognize interest when expressed by the company, and
- o facilitate incremental progress toward the sales goal.

The manner in which the PSPI sales representative meets the company manager is very important. This includes appearance, facial expression, opening statement or greeting, bearing or posture, and introductory remarks. The whole purpose is to present an appearance of enthusiasm, sincerity, and confidence, remembering that first appearances can have lasting consequences. It is important that the sales representative behave in a natural way. For example, he should not try to act aggressively if his natural tendency is to be low key.

Presenting PSPI as a solution to an identified company need or problem is an effective way to make a sale. Therefore, the first phase of the meeting should make clear that prison-based work forces have solved problems for other companies and possibly could improve operations at the plant in question. Essentially, PSPI must be a way for the company to increase production, reduce costs, improve the quality of a product or service, or increase production dependability to be an attractive option for a company to consider. Using other PSPI projects as examples will lend credibility to the sales presentation and make the concept more concrete. However, the sales person must be careful not to oversell PSPI. The hard questions about PSPI--questions

concerning the prison environment and prisoners as a work force-- must be answered honestly, yet in a positive and constructive way.

If a question about lock-downs occurs, for example, the sales representative should not deny their occurrence; instead, he should present examples of how PSPI at other institutions have dealt with the problem. In 1983 when the Minnesota Correctional Facility at Stillwater was locked-down for two weeks, the warden made arrangements with Control Data Corporation to bring workers from one of the company's other production facilities inside the prison to assemble the computer parts which were being made by the institution's inmate workers. When the lock-down was finished, the inmates resumed their assembly work for the company.

Later in the meeting, the PSPI staff should gather information about the labor force at the plant and any problems confronting the manager. The purpose of securing this information is to gain a better understanding of the company's operations and how a prison-based work force might enhance the way the company does business. During this stage, the PSPI sales representative should talk as little as possible, ask a lot of questions, and listen carefully both for areas that show

potential for PSPI and for barriers to establishing the joint venture.¹⁴

A set of common barriers which the PSPI sales representative is likely to confront is provided below in Figure Seven. The barriers are grouped into three types of objections: substantive, managerial, and internal. Substantive objections relate to a company's manufacturing process and thus may be difficult to overcome. Managerial objections question the ability of inmates to deliver quality goods in a reliable fashion. These objections can be addressed by demonstrating how other PSPI enterprises have successfully overcome the same problems. Internal objections anticipate a company staff's negative reactions to the operation of a PSPI. Because they are based on internal dynamics, such objections must be handled by the company managers with assistance from PSPI staff.

One of the most important skills of the effective sales person is the ability to listen--to try to hear and understand what the other person actually means. Too often people do not really listen to each other but instead think about what they are going to say next. A good listener focuses on the message the other person is trying to get across. Through appropriate questioning and effective listening, the PSPI sales representative can understand a company's particular needs and

¹⁴ Understanding the reasons why a company may not give further consideration to a prison-based work force may help the PSPI sales representative to discover a way around the problems.

Figure Seven

Barriers to Implementing PSPI

Substantive Objections

- o We use a fully integrated manufacturing process. Therefore, no piece of the process can be moved into a prison.
- o The equipment we use is proprietary or very expensive. Therefore, we can not afford to move it into a prison.
- o Our manufacturing process is closely regulated by OSHA or EPA. Therefore, manufacturing in a prison is not practical.

Managerial Objections

- o We are very concerned about the dependability of supply a PSPI could offer. What recourse would we have if the prison shop failed to meet its commitments?
- o How could we discipline inmate workers?
- o The logistics and expense of shipping materials to and from prison would create problems and raise costs.
- o We do not believe that inmates could meet the standards of quality that we require from our current workers.
- o We are very concerned about the potential difficulties of doing business with a government bureaucracy.

Internal Objections

- o We are concerned that our customers will react negatively if they discover that we employ prisoners.
- o We doubt that we could find a supervisor willing to work in a prison.
- o Our current workers will object to our hiring prisoners.

problems and thereby figure out and communicate how PSPI may benefit the company.

A company representative will rarely agree right away to become a PSPI partner. The PSPI sales person must be alert, therefore, to indications of interest and pursue these signs vigorously. For example, it may be clear from questions or comments from the company manager that he appreciates the contributions PSPI makes to society at large. In that case the sales person should confirm and discuss the important social spin-offs of PSPI, such as generating money for victim compensation and family support, and providing inmates with work habits and skills that increase the chances of employment after release. A manager with a sense of social mission is an advantage, because he is more likely than other managers to continue the partnership during economic downturns. However, the social value of PSPI should not be used in a direct marketing pitch; as noted earlier, PSPI should be sold on what they can do for a company, not what they can do for the prison or society in general.

The PSPI sales representative must also be alert to misdirected interest on the part of the manager and be quick to dispel it. For example, the manager may be interested in PSPI because he thinks prisoners may be paid a sub-minimum wage.

In a series of meetings it is important to obtain decisions which keep the sales process moving forward. Such decisions may be only to meet again, but every session should close with an

agreement for some specific next step. For example, the initial face-to-face meeting will be successful if it becomes apparent that the company manager is intrigued by a PSPI partnership but that he requires additional information before proceeding further. This would provide an opportunity for scheduling a second meeting. In assisting the company's manager to this point, the PSPI sales person should avoid asking questions that can easily be answered with a "no" response. For example, questions such as, "Do you want to have another meeting?" or "Are you interested in starting a PSPI?", should not be asked. The PSPI sales person should seek the desired response in a more indirect way by asking for the manager's advice. Thus, the sales person might say, "I think this has been a useful meeting; I'd like to propose another one to discuss how we should proceed from here. When would be a convenient time for you?"

Even if a meeting clearly will not result in a positive outcome, the sales person should try to come away with something. For example, the company may be a good PSPI candidate but the manager being approached may not be the person to whom the enterprise should be presented. In that case the PSPI sales person should ask the manager who in the organization might more appropriately be approached. If the company is clearly not appropriate for PSPI, then, as a last resort, the manager should be asked for the names of other companies that might be potential partners.

CONDUCTING SUBSEQUENT MEETINGS

It is difficult to generalize about the actions that should be taken after the initial meeting because there are so many different ways the meeting could end. Nonetheless, one purpose of subsequent meetings should always be to enable the correctional agency and the company to become better acquainted. If appropriate, a series of follow-up meetings should be scheduled so that the two parties can get to know one another, explore realistically whether they can do business together, and, if so, determine how they can best meet each other's needs.

A good way for the agency and the company to become more familiar is to visit each other's facilities. First-hand observation of the company's production facilities can suggest work that could be done in a prison which otherwise would not have occurred to the manager. Requesting a tour of the manufacturing plant is also a good way for the sales representative to demonstrate that he has more than a superficial interest in what the company does.

Company representatives should be invited to visit the prison or prisons that could host PSPI. Visiting a facility enables them to get a feeling for a prison, observe inmates, and talk to staff. These first-hand contacts may reduce some of the concerns managers may have about working with prisons and prisoners. It is best to arrange for selected institution staff members (including the warden) to brief the company staff before

the actual tour. The PSPI sales person should show the space the industry will occupy or comparable space. Inmate employment programs (PSPI or traditional industries) should be shown to demonstrate the prison's ability to engage in productive work.

As the agency and the company become more knowledgeable about each other's business requirements and resources, they will be able to decide whether and how they can operate a private sector prison industry together. To reach a final decision, the company will probably require additional information of increasing specificity in order to determine how cost competitive a prison-based operation will be. The agency should therefore be prepared to provide the company with information about lease and utility costs, the approximate dollar value of any subsidized training programs which can be provided, and the potential dollar value of other incentives which may be available to companies which locate operations inside a prison.

After a marketing campaign has convinced a company to become a partner in a PSPI, the work of actually initiating joint operations can begin. The following chapter addresses PSPI start-up issues.

Chapter Six

STARTING THE PSPI ENTERPRISE

Because prisons and businesses are fundamentally different in nature, a number of obstacles typically arise before the two attempt to come to an agreement on the operating procedures of the joint venture. While the exact nature and extent of these problems will vary with the operational requirements of each prison and company, it is possible to identify and examine the broad set of implementation issues which most correctional agencies are likely to encounter. This chapter, which is written for correctional personnel responsible for implementing a joint industrial venture, discusses these potentially troublesome issues. The chapter concludes with a discussion of the principal provisions that should be incorporated in a contract detailing each party's rights and obligations.

IMPLEMENTATION ISSUES

To translate an agreement to develop PSPI in principle into reality, the correctional agency and the company must understand each other's operational requirements and constraints, and determine how each will accommodate the other's needs. This means that before a contract for a prison-based enterprise can be signed and operations can begin, both parties must, at a minimum, address:

- o the creation of a stable group of qualified workers;
- o supervision of the work force;
- o a schedule of PSPI work activities; and
- o accommodation of the company's needs with the prison's security requirements.

ACCESS TO WORKERS

The principal reason why a company operates in a prison is the advantage it gains by employing prisoners. This advantage will quickly deteriorate if the company is prevented from readily gaining access to a stable group of qualified workers because of faulty screening and assignment procedures, insufficient training of job applicants, or excessive employee turnover. For this reason, it is critical that prison staff understand the company's work force requirements and initiate and maintain programs (e.g., pre-employment training or subsidies to reduce training costs) and procedures (e.g., maintenance of an adequate labor pool) which will meet the company's needs.

SUPERVISION OF WORKERS

Supervision of the work force is a critical factor affecting the success of any prison-based enterprise. It is important therefore that supervisors of PSPI be especially capable in terms of their managerial, technical, and communication skills. If a supervisor does not have the skills necessary to manage an operation employing a civilian work force, then that individual certainly does not have the skills to manage an operation employing prison inmates. Private sector prison industry supervisors need especially strong management skills because company headquarters usually are located away from the prison. The supervisor is therefore involved in a broader range of problems and decisions than are supervisors who are not physically separated from company managers. The training of inmates also requires strong technical skills on the part of the supervisor. Good technical skills enable the supervisor to gain inmate respect by demonstrating operational competence.

Supervisors of PSPI must also understand the unique characteristics of an inmate work force. For example, despite the generally favorable attitude that inmates have toward company supervisors, they will test the limits of authority on the job. Much of this pressure is directed toward trying to involve the supervisor in problems in the prison rather than the work setting. The most effective supervisors set clear limits for inmate workers from the beginning, require the observance of

those limits, initiate disciplinary action promptly where appropriate, and behave consistently.

To provide this understanding of the characteristics of an inmate work force and an appreciation of this need for prison policies and procedures, the supervisor (as well as other private sector staff who will work in the prison) should attend an orientation program of the kind usually provided by prisons for new employees. This training should cover institutional regulations and security requirements and provide guidance in interacting with inmates.

THE WORK SCHEDULE

Private sector prison industries are different from most other prison-based activities because they require that inmates be available for long, uninterrupted periods of time each work day. The actual number of hours which the PSPI operates each day will be determined by the demand for the product or service provided and by the schedules set by the company's staff. If a company is to meet production demands, it may have to be operating for a full work day, five days per week, in which case the work force will be expected to report promptly for work each day and work a full day. But, as noted in Chapter Four, no matter when the shop actually operates, the introduction of an efficient, businesslike industry into a prison may require changes in institutional schedules and, therefore, a high degree of operational flexibility and staff cooperation.

For example, to guarantee a full, uninterrupted work day, custodial staff may have to alter procedures governing prisoner counts. If prisoners were removed from work and recreational areas to cellblocks for counts in the past, then procedures may have to be altered to allow counts to be held in the shops. For example, count procedures were changed at the Omaha Correctional Center to accommodate the needs of the TGS Telemarketing Company. Inmates employed by that company are now counted by custodial staff at the work site instead of in the housing unit.

If the traditional mid-day meal has meant a one or two hour break in institutional activities, then food service personnel may have to adjust their schedule (at least for that portion of the population employed by the private company) to allow workers to dine more quickly and resume work. This may require that bag lunches be provided to PSPI workers so that they can eat in the shops, or that industry workers be fed before other inmates as is done at the Utah State Prison at Draper, Utah.

Other services such as education, counseling, and commissary may also have to be rescheduled so that PSPI employees can take advantage of them. This may require that some classes or counseling sessions be provided at night or on weekends as is done for PSPI workers at the Nebraska State Penitentiary in Lincoln. Visiting hours may also have to be adjusted for PSPI employees so that they do not always occur during working hours.

SECURITY PROCEDURES

If company staff have been adequately trained and observe the institution's security rules and procedures, PSPI will typically pose no greater demands on the daily security procedures of prisons than do traditional prison industries. Like their state-use industry counterparts, PSPI will require custodial inspection of vehicles and containers entering and leaving the prison, and provision for routine and emergency searches and shakedowns of the work site. Provisions will also have to be made regarding work interruption or stoppage due to anticipated or unanticipated institutional lock-downs. The correctional agency may agree to give priority status to unlocking workers employed in PSPI, or may even allow the company to replace inmate workers with civilian workers during lock-downs.

Despite the best efforts to anticipate potential problems, unexpected friction between industrial operations and institutional security procedures may occur. For example, the company may experience occasional delays in moving trucks through gates. This could occur because the company failed to give the prison adequate advance notice, because lack of custody staff created delays in the clearance procedures, or because there was insufficient preparation on the part of the prison. In any case, it is important that prison and company staff keep each other informed of actions which might affect each other, and that

institutional management demonstrate continued support for the private venture.

When these issues have been adequately discussed by the parties, it is time to negotiate a contract which spells out the rights and obligations of both parties.

CONTRACT PROVISIONS

Private sector prison industries can and do operate without formal contracts, but the interests of both parties are much more firmly protected when a contract exists. The contract provides the legal framework within which the enterprise will operate. While it is pleasant to assume that a "gentleman's agreement" and the integrity and commitment of prison and company managers will suffice, the passage of time and personnel will likely affect informal agreements without a clear and concise formal document. The investment of each party is too great to slight the contract negotiation process, even in the interest of expediting the start of the enterprise.

Because the exact nature of the contract will vary by state and by project, the parties to each PSPI must consider a unique set of factors within a specific context each time they develop a new PSPI. The following major points are offered here as suggested minimum provisions to be included in any contract governing a PSPI operation:

- o a hold safe and harmless clause which protects the state from liability claims;

- o a statement of the rights of each party to terminate the contract with a reasonable period of notice;
- o the terms and conditions covering the lease of space and the payment of utilities;
- o the nature of the enterprise being created and the obligation of the company to adhere to health and safety standards;
- o the conditions of inmate employment; and
- o the applicability of security regulations and restrictions.¹⁵

It is important that the correctional agency involve other appropriate agencies (generally, the attorney general's office or the department of administration or finance) early in the contract negotiation process to assure prompt approval of the completed agreement. Failure to consult such authorities early in the process could result in needless changes and delays at a later time.

This chapter looked at significant operational and contractual issues which correctional administrators should consider when initiating private sector prison industries. The strategies discussed are directed at issues which experience has revealed to be especially important in establishing new prison-based businesses. The early months in the life of any new business are of critical importance, and involve a full set of tasks in addition to those discussed here. But by highlighting

¹⁵A detailed list of factors to be considered in the process of negotiating a PSPI contract can be found in Criminal Justice Associates, Work In American Prisons: The Private Sector Gets Involved, May 1988. Produced under Grant OJP-86-C-002 from the National Institute of Justice.

those issues and strategies unique to PSPI, this document attempted to provide those with an interest in the development of PSPI with a means to recognize in advance the special problems they may face, and therefore to increase the chances of their success in developing such enterprises. In the final chapter key questions about PSPI are raised in the context of wider social issues and trends.

Chapter Seven

THE FUTURE OF PSPI

The principals in private sector prison industries are motivated primarily by short term needs. Most correctional agencies that develop PSPI do so to achieve institutional goals such as decreasing idleness. Most companies that operate prison-based industrial ventures do so to address business needs created by entry level labor shortages or cyclical work load demands. Most inmates want the comparatively high wages they can earn through PSPI employment. But there are broader social issues related to PSPI which deserve attention as well. This final chapter considers these issues along with the obligations and opportunities which they create for correctional agencies operating prison-based joint ventures. It concludes with an examination of the potential of PSPI to meet future demands in the larger world of work.

PSPI IN THE PUBLIC EYE

The ability of PSPI to produce tangible benefits for all parties has generated much comment, and has contributed to an energetic debate among corrections professionals about the role of inmates in today's work force and their rights and responsibilities as workers. Wages are the central issue in this debate. How can an appropriate balance be struck between protecting PSPI competitors and their employees from unfair competition against the undeniable costs of doing business in a prison? Are PSPI workers employees who have a right to the same wages and benefits civilian workers are commonly afforded, or do they represent a special class of workers for whom the opportunity to work for the minimum wage is sufficient?

Many business and organized labor groups are watching the development of PSPI closely to see how correctional agencies deal with these questions. In the past, these groups have not hesitated to oppose prison-based work programs which they believed were not competing fairly in the marketplace.

The way in which these issues are dealt with by correctional agencies can have consequences far beyond individual prison-based enterprises and may have a significant impact on the future nation-wide development of prison-based joint ventures. If PSPI are to spread and flourish correctional administrators and private sector managers must observe the interests of all stakeholders. But the future success of PSPI may also depend on

the ability of correctional administrators to capitalize on the potential of PSPI to enable inmates to move into the world of work as well prepared as possible for productive employment.

PSPI AND THE WORLD OF WORK

Private sector employment provides significant benefits to inmates beyond prevailing wages. The opportunity to work in a PSPI job gives inmates the chance to be part of a positive, goal oriented group and to adjust to a daily routine of constructive activity. Developing the positive work habits which can be learned through PSPI employment can be a significant accomplishment for many PSPI workers.

However, many decision makers expected private sector prison industries to prepare inmates for good jobs in the community after release from prison. Unfortunately, the majority of PSPI jobs--with some notable exceptions, such as those involving telephone sales, industrial drafting, lens grinding, data entry--are unskilled and are not likely to provide released offenders with a realistic opportunity to do anything but the same kind of low paying, entry-level work in the community. It is precisely these jobs which are expected to diminish in the future as the business world moves inexorably along the path of technological change.

- o short-term, industrial skills training (e.g., blueprint reading, shop mathematics, and quality control) to enhance the worker's overall knowledge of industry;
- o job readiness training to emphasize how to get and hold a good job;
- o individual world-of-work counseling provided by community volunteers who can serve as role models; and
- o substance abuse counseling structured around both the job and the employee's need to address needed medical or lifestyle changes.

Most, if not all, of these activities already exist in one form or another in many prisons, but they are rarely coordinated with the PSPI work experience. By linking them to well-paying jobs in the prison, the likelihood of inmates finding meaningful work after release should increase dramatically.

The challenge for correctional administrators is to tap the full potential of PSPI to prepare inmates for today's job market.

APPENDIX

SURVEY RESPONDENTS

A number of individuals assisted Criminal Justice Associates in this research effort by completing the questionnaire on the following pages. Criminal Justice Associates would especially like to acknowledge the assistance provided by those individuals listed below, who provided information on PSPI enterprises operated by their companies or correctional agencies in 1989.

Marilyn Allen	Strafford County Department of Corrections
Sara Andrade	California Youth Authority
Ralph L. Barnes	Ohio Dept. Rehabilitation and Correction
Jan Best	Belknap County Correctional Industries
Gary Brown	Minnesota Department of Corrections
JoEllen Buriner	Minnesota Department of Corrections
Jeffrey D. Casale	Zephyr Products, Inc.
Mark J. Cantanzaro	Jensen Engineering Co., Inc.
James Chappuis	Minnesota Department of Corrections
Dick Christ	Minnesota Department of Corrections
Richard Clasby	Utah Department of Corrections
Richard E. Davis	New Hampshire Department of Corrections
Mary Drummond	Arizona Department of Corrections
Thomas F. Grogan	Minnesota Department of Corrections
Charles Haggard	South Carolina Department of Corrections
Jane Hauer	Minnesota Department of Corrections
Robert W. Honneyman	New Hampshire Department of Corrections
Johnal Holst	Montana Department of Institutions
Michael W. Keenan	Heatron, Inc.
Joe Klauser	Idaho Department of Corrections
Don Lincoln	Nebraska Department of Correctional Services
Judy Luedloff	Minnesota Department of Corrections
Billy D. Nicholas	Oregon Department of Corrections
John J. Perko	Colorado Department of Corrections
Neal Popham	PRIDE of Florida, Inc.
Bob Sanders	South Carolina Department of Corrections
Bob Sherwin	Hennepin County Adult Correctional Facility
Howard L. Skolnik	Nevada Department of Prisons
L. Stark	Utah Department of Corrections
Jill Will	Washington Department of Corrections
Jim Waite	Oklahoma Department of Corrections
Brenda Youness	Heart's Designs, Inc.

1989 PRIVATE SECTOR PRISON INDUSTRY QUESTIONNAIRE

State or County: _____

Person completing form: _____

Title _____

Phone #: () _____

INSTRUCTIONS: Please provide the information requested below for each prison shop in which the private sector was substantially involved anytime during calendar 1989, either as an employer of prisoners or a customer for the shop's output. "Substantial" means that at least 25% of the shop's output is sold on the open market.

SHOP NAME: _____

NOTE: If there was no substantial private sector involvement in any prison shop any time during calendar 1989, please write "none" in the blank after "shop name" above and return the uncompleted Fact Sheet by 2/9/90 to:

Criminal Justice Associates
48 East Chestnut Hill Avenue
Philadelphia, PA 19118-2715

1. Name of private sector firm(s) involved in shop? _____

2. Which of the following best describes the role of the firm(s) (check only one)?
employer/owner _____
customer _____

3. Month and year shop began operating? _____

3a. Month in 1989 shop ceased operations, if applicable? _____

4. Products or services produced? _____

5. Name of prison in which shop is located? _____
6. Sum total of individual inmates employed in shop during calendar 1989 (regardless of amount of time worked--that is, how many inmates have worked in the shop in calendar 1989)? _____
7. How many individual inmates were employed in the shop on 12/31/89? _____
8. What was the greatest number of individual inmates employed in the shop on any given day during calendar 1989? _____
- 8a. The smallest number? _____
9. Total gross wages earned by inmates in shop during 1989? _____
10. Total number of hours worked by all inmates in shop in calendar 1989? _____
11. Hourly wage range? fr. \$ _____ to \$ _____
12. Total \$ deducted from wages of inmates in shop in 1989 for:
(Please use actual figures where available)
- | | <i>Actual</i> | <i>Estimated</i> |
|------------------|---------------|------------------|
| federal taxes | _____ | _____ |
| state taxes | _____ | _____ |
| room and board | _____ | _____ |
| family support | _____ | _____ |
| victims programs | _____ | _____ |
| required savings | _____ | _____ |
| other (specify) | _____ | _____ |

13. Worker benefits in 1989:

worker's compensation	yes ()	no ()
unemployment compensation	yes ()	no ()
sick leave	yes ()	no ()
vacation	yes ()	no ()
paid holidays	yes ()	no ()
other (specify)		

14. Types of primary work processes involved in the shop (e.g., metal fabrication, telephone sales, component assembly, sewing, etc.):

15. What hiring criteria are used for the shop?

read and write (what level? _____)	yes ()	no ()
specific skills	yes ()	no ()
clean disciplinary record (what time frame? _____)	yes ()	no ()
sufficient time left on sentence (how much? _____)	yes ()	no ()
other (specify)		

16. Incentives for the private sector:

low rent	yes ()	no ()
low utilities	yes ()	no ()
tax incentives	yes ()	no ()
bid preferences	yes ()	no ()
training subsidies	yes ()	no ()
training programs	yes ()	no ()
equipment	yes ()	no ()
other (specify)		

Thank you for your cooperation in supplying this information!

TABLE 2

PSPI WORKFORCE DATA FOR 1989
AS REPORTED BY SURVEY RESPONDENTS

* = data are estimated by survey respondent
 ** = combines one or more shops of same name
 *** = shop produces multiple products/services
 E = employer model (private sector is employer of inmates)
 C = customer model (private sector is main or sole customer of shop)
 N/A = data not available

STATE/ COUNTY	PROJECT NAME	TYPE OF MODEL	PRISON	TOTAL # OF WRKRS. 1989	RANGE OF WRKRS. 1989	WRKRS ON 12/31 1989	TOTAL HOURS WORKED IN 1989	PS/PIEC
AZ	BEST WESTERN	E	AZ. CENT. FOR WOMEN	18	8- 15	11	17,913	NO
C Y A A O U L U T I T H F H O R I N I A	OLYMPIA TOOL	C	STARK	23	0- 8	7	367	YES
	EL POLLO LOCO	C	FRED C. NELLES	62	0- 42	0	5,695	YES
	EL POLLO LOCO	C	NORWALK	15	0- 10	0	250	YES
	PINE GROVE	E	DEWITT NELSON	11	4- 10	8	6,495	YES
	STRANG MECH.	E	STARK	14	6- 13	13	10,626	YES
	A-D-S MGT.SERV.	E	STARK	46	8- 28	25	24,914	YES
	TWA	E	VENTURA	89	48- 67	64	80,731	YES
CO	UNIBASE	E	ARKANSAS VALLEY	N/A	5- 30	N/A	N/A	NO
FL	SUGAR CANE	C	BELLE GLADE	*300	80-150	86	N/A	NO
ID	STONE CUTTING	C	ID STATE CORR. INS	20	0- 16	0	9,367	YES

TABLE 2-A
WORKFORCE DATA FOR 1989

STATE/ COUNTY	PROJECT NAME	TYPE OF MODEL	PRISON	TOTAL # OF WRKRS. 1989	RANGE OF WRKRS. 1989	WRKRS ON 12/31 1989	TOTAL HOURS WORKED IN 1989	PS/PIEC
K A N S A S	JENSEN ENGINEER.	E	KSP	5	4- 5	4	1,743	YES
	HEART'S DESIGNS	E	KSP	45	9- 20	19	24,503	YES
	ZEPHYR PRODUCTS	E	OFF SITE	24	12- 19	17	32,441	YES
M I N N E S O T A	FURNITURE PRINTING	C	LINO LAKES	565	155- 166	159	310,004	NO
	MARKETING RESEARCH	C	SHAKOPEE	44	5- 10	10	6,582	NO
	DATA ENTRY	C	SHAKOPEE	48	13- 25	18	16,543	NO
	ASSEMBLY	C	SHAKOPEE	102	12- 43	14	22,682	NO
	TEXTILE MANUFACT.	C	SHAKOPEE	32	0- 14	0	7,447	NO
	METAL PRODUCTS	C	STILL- WATER	305	95-121	107	149,857	YES
	"Y" SHOP (SHINGO.)	E	STILL- WATER	39	0- 14	0	11,296	YES
	VINYL BINDING	C	OAK PARK HEIGHTS	90	29- 34	32	63,565	NO
	SEWN PRODUCTS	C	OAK PARK HEIGHTS	87	23- 34	29	62,985	NO
	PAPER PRODUCTS	C	OAK PARK HEIGHTS	108	31- 39	36	63,450	NO
MT	FURNITURE MANUF.	C	MONTANA ST. PRIS.	31	17- 21	20	30,525	NO

TABLE 2-B
WORKFORCE DATA FOR 1989

STATE/ COUNTY	PROJECT NAME	TYPE OF MODEL	PRISON	TOTAL # OF WRKRS. 1989	RANGE OF WRKRS. 1989	WRKRS ON 12/31 1989	TOTAL HOURS WORKED IN 1989	PS/PIEC
M O N T.	UPHOLSTRY	C	MONTANA ST. PRIS.	9	4- 7	7	7,624	NO
	LOGGING	C	MONTANA ST. PRIS.	14	4- 9	7	8,139	NO
N E B R A S K A	#9 WOOD	C	NE STATE PEN.	25*	2- 15	10	12,780	YES
	#24 WOOD	C	OMAHA CORR. CTR.	35*	7- 12	10	10,434	YES
	TGS MRKETING	E	LINCOLN CORR. CTR.	63*	0- 34	27	9,983	YES
	TGS INC.	E	NE CTR. FOR WOMEN	50	0- 34	25	15,886	YES
	TGS MRKETING.	E	HASTINGS	120*	20- 37	24	39,422	YES
	TGS	E	OMAHA CORR. CTR.	130*	31- 52	45	50,022	YES
	LA PEN	E	NE STATE PEN.	280*	78-112	100	147,794	YES
	TEL-E- PROMOTION	E	LINCOLN CORR. CTR.	79*	0- 17	0	3,429	YES
	TEL-E- PROMOTION	E	OMAHA CORR. CTR.	31*	0- 21	0	990	YES
#11 WOOD	C	NE STATE PEN.	31*	0- 14	0	1,840	YES	
N E V A D.	HOTEL TELEMARK.	C	WOMEN'S CORR. CTR.	12	12- 12	12	N/A	NO
	WOOD SHOP	C***	SOUTHERN DESERT	115	5- 16	16	included in limo	YES

TABLE 2-C
WORKFORCE DATA FOR 1989

STATE/ COUNTY	PROJECT NAME	TYPE OF MODEL	PRISON	TOTAL # OF WRKRS. 1989	RANGE OF WRKRS. 1989	WRKRS ON 12/31 1989	TOTAL HOURS WORKED IN 1989	PS/PIEC
N E V A D A	AUTO SHOP	C	SOUTHERN DESERT	4	2- 4	4	8,900	NO
	HSN FUL- FILLMENT	E	WOMEN'S CORR. CTR.	N/A	3- 5	5	N/A	NO
	JOINT VENTURES	E	SOUTHERN DESERT	112	27- 47	47	33,519	YES
	LIMOUSINE SHOP	E	SOUTHERN DESERT	55	12- 19	19	31,991	YES
	BENTLY NEVADA	E	RENO CORR FACILITY	12	12- 12	12	7,305	YES
	VINYL PRODUCTS	E	N. NEVADA CORR. CTR.	552	45- 53	53	69,790	YES
N H E A W M P.	PRINT SHOP	C	NH STATE PRISON	46	17- 24	21	*40,600	NO
	SIGN SHOP	C	NH STATE PRISON	34	11- 17	17	*25,000	NO
O H I O	PARTS ASSEMBLY	C	SO. OHIO CORR. FAC.	30	6- 20	17	17,510	NO
	ASSEMBLY SHOP	C	ROSS CAMP	30	21- 24	24	33,752	NO
	DATA ENTR (UNIBASE)	C	LEBANON CORR. INST	73	29- 58	58	63,197	NO
O K L A H O M A	TELE-MARK INC.	E	JOE HARP	25	4- 24	23	2,829	YES
	THREE RIVERS	E	MCLEOD CORR. CTR.	63	0- 40	0	3,992	YES
	CORR. VISION	E	LEXINGTON AND R	7	2- 6	5	3,026	YES
	SECURITY ENTERPR.	E	LEXINGTON A AND R	52	16- 30	21	5,974	YES

TABLE 2-D
WORKFORCE DATA FOR 1989

STATE/ COUNTY	PROJECT NAME	TYPE OF MODEL	PRISON	TOTAL # OF WRKRS. 1989	RANGE OF WRKRS. 1989	WRKRS ON 12/31 1989	TOTAL HOURS WORKED IN 1989	PS/PIEC
OR	UNIBASE	E	OREGON ST. PEN.	20	9- 16	16	2,674	NO
S C O A U R T O H L.	VACUUM PUMP ASS.	C	CENTRAL	9	0- 9	0	1,775	YES
	ECI DRAPERIES	E	EVANS	30	6- 30	30	1,047	YES
U T A H	SIGN	C	UTAH ST. PRISON	20	13- 16	16	27,673	YES
	AQUA- CULTURE	C	UTAH ST. PRISON	15	11- 13	12	18,945	YES
W A S H I N G T O N	ACCOUNT DEVELOP.	E	WASH. ST. REFORM.	35	10- 16	12	12,058	NO
	ANTIPODES INC.	E	WASH. CORR. CTR.	16	5- 15	14	7,584	NO
	EXMARK CORP.	E	TWIN RIVERS	95	21- 72	51	63,451	NO
	IMS, INC.	E	PURDY	93	25- 42	25	22,249	NO
	INSIDE- OUT, INC.	E	PURDY	56	23- 42	23	37,456	YES
	NYMAN MARINE	E	TWIN RIVERS	12	6- 10	7	14,647	NO
	REDWOOD OUTDOORS	E	WASH. ST. REFORM.	57	27- 49	27	46,833	YES
BELKNAP CTY. NH	CORRECT. INDUSTRS.	C***	DEPT. OF CORRECT.	26	4- 4	4	3,773	YES
STRAFF. CTY. NH	CORRECT. INDUSTRS.	C***	DEPT. OF CORRECT.	116	4- 24	9	12,375	YES
HENN. CTY. MN	CORRECT. INDUSTRS.	C***	PLYMOUTH	259	15- 60	44	47,932	NO
TOTAL	69 SHOPS	35 E 34 C	43	5,000	0-166	1,578	1,936,200	40 YES 29 NO

TABLE 3

PSPI FINANCIAL DATA FOR 1989
AS REPORTED BY SURVEY RESPONDENTS

* = data are estimated by survey respondents, not actual

** = combines one or more shops of same name

*** = shop produces multiple products/services

N/A = data not available

Note: The average wage per hour was computed by CJA by dividing the total wages by the total hours worked (see Table 2).

STATE/ COUNTY	PROJ. NAME	TOTAL WAGES AV./HR.	WAGE RANGE/ HR.	FEDERAL TAX WITHLD	STATE TAX WITHLD	ROOM AND BOARD	FAMILY SUPPORT	VICTIM PROG.	FICA
AZ	BEST WEST.	\$ 101,960 5.69/HR.	4.50- 8.53	10,502	2,372	* 24,478	N/A	0	7,490
C Y A A O U L U T I T H F H O R I O N I T Y	OLYMP. TOOL	2,130 5.80/HR.	4.80- 7.33	0	0	426	0	323	0
	POLLO LOCO**	25,272 4.25/HR.	4.25	1,521	0	4,679	0	3,509	1,000
	PINE GROVE	28,279 4.35/HR.	4.25	3,438	233	4,362	0	3,679	3,000
	STRANG MECH.	48,181 4.53/HR.	4.25- 4.55	5,907	580	7,773	0	6,009	4,000
	A-D-S MGT.	108,227 4.34/HR.	4.25- 5.00	3,685	2,104	18,697	0	14,351	8,000
	TWA	458,651 5.68/HR.	5.67	41,590	2,438	75,757	0	58,171	38,550
CO	UNI- BASE	N/A	* .40	N/A	N/A	N/A	N/A	N/A	N/A
FL	SUGAR CANE	82,000	.20- .30	0	NO TAX	42,500	0	8,800	0
ID	STONE	31,379 3.35/HR.	3.35	0	0	9,413	0	4,707	0
KS	JENSEN ENGIN.	9,733 5.58/HR.	3.35- 12.50	1,521	159	1,414	0	481	0

TABLE 3-A
FINANCIAL DATA FOR 1989

STATE/ COUNTY	PROJ. NAME	TOTAL WAGES AV./HOUR	WAGE RANGE/ HOUR	FEDERAL TAX WITHLD	STATE TAX WITHLD	ROOM AND BOARD	FAMILY SUPPORT	VICTIM PROG.	FICA
K A N S.	HEARTS DESIGN	87,076 3.55/HR.	3.35- 5.03	9,275	1,842	19,357	*600	4,346	6,539
	ZEPHYR PROD.	120,191 3.70/HR.	3.35- 3.60	17,530	1,499	28,210	*416	5,841	8,887
M I N N E S O T A	FURN./ PRINT	396,142 1.28/HR.	.70 2.65	6,598	2,506	0	0	0	0
	MARKET RESEA.	13,919 2.11/HR.	1.61- 2.88	N/A	N/A	N/A	N/A	N/A	N/A
	DATA ENTRY	24,336 1.47/HR.	.55- 6.00	N/A	N/A	N/A	N/A	N/A	N/A
	ASSEM- BLY	28,773 1.27/HR.	.55- 3.55	N/A	N/A	N/A	N/A	N/A	N/A
	TEX- TILE	9,671 1.30/HR.	.55- 3.20	N/A	N/A	N/A	N/A	N/A	N/A
	METAL PROD.	471,239 3.14/HR.	1.50- 4.50	2,151	846	0	0	33,576	0
	"Y" SHOP	36,228 3.21/HR.	1.50- 4.50	187	73	0	0	2,702	0
	VINYL BIND.	49,008 .77/HR.	.45- 1.20	* 300	* 100	0	0	*2,200	0
	SEWN PROD.	55,091 .87/HR.	.45- 1.20	* 300	* 100	0	0	*2,200	0
	PAPER PROD.	67,195 1.05/HR.	.45- 1.20	* 300	* 100	0	0	*2,200	0
MT	FURN.	24,151 .79/HR.	.30- 1.71	0	0	0	0	0	0
	UPHOL.	11,904 1.56/HR.	.30- 2.98	0	0	0	0	0	0

TABLE 3-B

FINANCIAL DATA FOR 1989

STATE/ COUNTY	PROJ. NAME	TOTAL WAGES AV./HR.	WAGE RANGE/ HOUR	FEDERAL TAX WITHLD	STATE TAX WITHLD	ROOM AND BOARD	FAMILY SUPPORT	VICTIM PROGS.	FICA
MT	LOGG.	5,553 .68/HR.	.30- 2.40	0	0	0	0	0	0
N E B R A S K A	#9 WOOD	46,661 3.65/HR.	3.35- PR.SH.	3,383	558	12,780	7,803	2,333	0
	#24 WOOD	34,955 3.35/HR.	3.35- PR.SH.	1,670	276	10,434	6,277	1,748	0
	TGS ** MKTG.	462,679 4.01/HR.	3.35- 12.00	24,264	4,636	115,313	35,897	23,134	34,641
	LA PEN	625,534 4.23/HR.	3.35- 9.00	39,480	8,659	147,893	42,582	31,242	46,963
	**TELE PROM.	15,593 3.53/HR.	3.35- 6.00	122	77	4,419	3,262	786	0
	#11 WOOD	6,175 3.36/HR.	3.35- P.SH.	591	95	1,718	1,319	309	0
N E V A D A	HOTEL TELEM.	38,900	3.35	0	NO TAX	*8,600	N/A	*1,950	0
	WOOD SHOP	145,472	3.35- 3.60	N/A	NO TAX	28,763	N/A	N/A	N/A
	AUTO SHOP	29,856 3.35/HR.	3.35	N/A	NO TAX	N/A	N/A	N/A	N/A
	HSN FULFIL	5,000	4.25	N/A	NO TAX	3,504	N/A	N/A	N/A
	JOINT VENTS.	151,947 4.53/HR.	3.35	5,942	NO TAX	30,119	N/A	7,133	11,410
	LIMO SHOP	81,432 2.55/HR.	3.35- 3.60	N/A	NO TAX	2,330	N/A	5,457	N/A
	BENTLY NEVADA	29,220 4.00/HR.	4.00	1,270	NO TAX	5,748	N/A	1,348	1,179

TABLE 3-C

FINANCIAL DATA FOR 1989

STATE/ COUNTY	PROJ. NAME	TOTAL WAGES AV./HOUR	WAGE RANGE/ HOUR	FEDERAL TAX WITHLD	STATE TAX WITHLD	ROOM AND BOARD	FAMILY SUPPORT	VICTIM PROG.	FICA
NV	VINYL PRODS.	233,797 3.35/HR.	3.35	19,954	NO TAX	49,578	N/A	9,608	12,516
N H E A W M P.	PRINT SHOP	20,300 .50/HR.	.30- .60	0	NO TAX	0	0	0	0
	SIGN SHOP	12,500 .50/HR.	.50	0	NO TAX	0	0	0	0
O H I O	PARTS ASSEM.	8,144 .46/HR.	.27- .75	0	0	0	0	0	0
	ASSEM. SHOP	13,828 .41/HR.	.27- .75	0	0	0	0	0	0
	DATA ENTRY	38,904 .61/HR.	.27- .75	0	0	0	0	0	0
O K L A H O M A	TELE- MARK	11,687 4.13/HR.	3.35	402	52	4,118	0	510	0
	THREE RIVERS	13,342 3.34/HR.	3.35	855	59	4,980	0	628	0
	CORR. VIS.	11,526 3.81/HR.	3.35	264	52	4,532	0	328	0
	SECUR. ENTER.	20,226 3.39/HR.	3.35	1,467	70	8,539	0	1,011	0
OR	UNI- BASE	2,094 .78/HR.	.55- 1.44	0	0	0	0	0	0
S C O A U R T O H L.	VACUUM PUMP	5,945 3.35/HR.	3.35	* 85	*60	*1,500	* 400	*300	0
	ECI DRAPES	804 .77/HR.	3.35	3	12	148	0	40	0
UT	SIGN	101,131 3.65/HR.	3.35- 4.00	3,052	992	15,169	0	5,056	0

TABLE 3-D

FINANCIAL DATA FOR 1989

STATE/ COUNTY	PROJ. NAME	TOTAL WAGES AV./HR.	WAGE RANGE	FEDERAL TAX WITHLD	STATE TAX WITHLD	ROOM AND BOARD	FAMILY SUPPORT	VICTIM PROG.	FICA
UT	AQUA- CULTUR	47,226 2.49/HR.	3.35- 3.80	102	88	7,083	0	2,361	0
W A S H I N G T O N	ACCT. DEVEL.	49,284 4.09/HR.	3.85- 5.00	1,893	NO TAX	7,393	365	2,464	3,701
	ANTIP. INC.	25,203 3.32/HR.	3.27 3.85	462	NO TAX	3,780	0	1,261	1,893
	EXMARK CORP.	231,007 3.64/HR.	3.25- 5.70	12,097	NO TAX	34,651	1,185	0	17,362
	IMS INC.	86,081 3.87/HR.	3.27- 3.85	618	NO TAX	12,912	0	4,304	6,469
	INSIDE OUT	149,993 4.00/HR.	3.27- 3.85	1,773	NO TAX	22,422	0	7,499	11,139
	NYMAN MARINE	60,980 4.16/HR.	3.27- 4.80	6,504	NO TAX	9,147	84	3,049	4,453
	REDWD. OUTDRS	201,676 4.31/HR.	3.85	3,409	NO TAX	30,251	1,787	10,084	15,150
BLKNP. CTY.NH	CORR. INDUS.	21,645 5.74/HR.	4.40- 7.20	3,524	NO TAX	6,541	0	1,082	0
STRAFF CTY.NH	CORR. INDUS.	74,812 6.05/HR.	3.75 7.00	N/A	NO TAX	41,146	0	3,740	0
HENN. CTY.MN	CORR. INDUS.	117,131 3.70/HR.	3.50- 6.00	3,626	1,438	59,117	0	0	0
17 ST 3 CTY	69	5,528,979	.20- 12.50	241,600	32,100	931,600	102,000	281,900	246,712