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NINE HUNDRED STATE ROAD
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EXECUTIVE SUMMARY

Study of the Economic and
Rehabilitative Aspects of
Prison Industry

Volume I

September 24, 1976

Revised May 15, 1977

This project was supported by Contract Number
J-LEAA-033-75 awarded by the Law Enforcement
Assistance Administration, U.S. Department
of Justice, under the Omnibus Crime Control
and Safe Streets Act of 1968, as amended.
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MAR 13 1978

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VOLUME I

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I. INTRODUCTION

The focus of this study has been the present-day operation of prison industries in adult state correctional institutions; its purpose has been to determine the changes which should be introduced into these institutions to increase the economic and rehabilitative effectiveness of prison industries.

The economic and rehabilitative issues that pertain to this study are part of the broader social issues related to the purposes of state prisons (Are prisons beneficial or detrimental to society's interests? Who should be imprisoned, for how long, and based upon what criteria?) as well as to other fundamental questions on the growth (negative or positive) of state prison populations. ECON did not view these very basic questions as part of its charter under this study contract. The plain facts are that these fundamental questions are exceedingly complex and several alternatives to incarceration would have to be systematically evaluated in order to acquire the necessary supporting data to substantiate any claims regarding these issues.

Fully cognizant of the constraints of time, budget, and the specific technical direction of the study contract, ECON deliberately chose to confine its inquiry to the issues relating to economically efficient allocation of resources within the state prisons. For prison industries, the meaning of economic

efficiency extends well beyond the concept of making and selling more or better widgets with a fixed investment.

From society's¹ viewpoint, once a convicted felon is admitted into a state prison, the state (as society's agent) should encourage and pursue those programs which maximize the net economic benefit to society, subject of course to budgetary constraints and the operating constraints associated with security, a humane and safe environment, and legal due process.

Economic benefits or costs that accrue to society from inmate participation in prison programs generally--and prison industries, in particular--are not limited to the period of incarceration, but extend into the postrelease period. This is an important fact that must be provided for in an economic study. The rehabilitative and self-sufficiency goals of prison industries may be compatible and both have to be allowed for. Thus, in this evaluation of prison industries, the complete life cycle² costs and benefits that can be attributed to these prison programs are identified and a methodology is provided for their measurement.

¹ Throughout this study "society" includes all members, both public and private.

² Practical considerations frequently dictate that the observation of postrelease experiences of exoffenders be limited to the parole period or a longitudinal follow-up of a sample of exoffenders to determine the post-release program impact.

II. OVERVIEW OF THE STUDY

A. Purpose of the Study

This prison industry study, as sponsored by the Law Enforcement Assistance Administration, has resulted in three broad efforts, each having specific purposes:

- A research effort geared to obtain substantial information about how a "typical" prison industrial system functions, the types of changes needed to upgrade the managerial and rehabilitative functions, the ways to significantly reorganize and restructure the prison industry concept, and methods to evaluate the degree to which the objectives set by the National Advisory Commission on Criminal Justice Standards and Goals are being met.
- An evaluation effort that included an analysis of the business management and rehabilitative functions of the prison industry system; and the development of recommended program changes required to create self-supporting prison industry systems which increase the rehabilitative potential of industries by providing the inmate with job skills, good work habits, confidence in the ability to work, and compensation for all work performed.
- A technical assistance effort intended to provide the prison system with technical expertise in the areas of management information systems, financial analyses, production analyses, and other technical support required to complement the recommended prison industry changes.

The individual work tasks that were designed to satisfy the various efforts are listed in Table II-1.

B. Major Tasks of the Study

The following descriptions summarize the work performed under each task indicated in Table II-1, the first being general, the second specific to this study and the remainder particularized to the State of Connecticut, as required by this study.

Table II-1 Major Tasks of the Prison Industry Study

- Literature Review
- Host State Site Selection
- Job Market Survey
- Inmate Manpower Capabilities Survey
- Sales Market Survey
- Economic and Management Review of Prison Industries
 - Custodial Analysis
 - Production Analysis
 - Financial Management and Accounting System Review
 - Profitability Analysis
 - Post-Release Placement Services and Information Systems
- Program Management Plan Including Time-Phased Recommendations for Prison Industry Reorganization
- Technical Assistance

1. Literature Review

The Literature Review was performed over a period of ten months, and was constantly revised as new materials were located and reviewed. Altogether, the relevant findings of over 900 books, studies, papers and newspaper articles concerning prisons, prison industries, work training programs and employment, for both federal and state prisons throughout the United States, were reviewed and summarized. A bibliography of source material is provided in Volume III. The results of the literature review of prison industry operations appear in Volume II. In addition, the statutes and case laws pertaining to inmate labor and correctional industries in the seven states selected for site visits are compiled, organized and summarized in Volume IV.

2. Host State Selection

To develop a broad understanding of how prison industries function, prisons in the states of Colorado, Connecticut, Georgia, Illinois, Minnesota, Pennsylvania, and Washington were visited. In addition, later in the study, a visit was made to the state of Texas to examine the prison industries there. In order to select a single state for an in-depth study, the study team inspected over 34 prisons and 80 individual prison industry shops. The team reviewed work/training programs, budgets, industry financial reports, institutional inmate schools, employment services at release, postrelease services, and information systems.

In addition, correctional department administrators, central office staff, wardens, institutional staff, prison industry directors, shop supervisors, and inmates were interviewed. A separate volume on the state-of-the-art of prison industries, Volume V, has been prepared to describe the operations of the "typical" prison industry and to report on outstanding prison industry programs that were observed during field visits.

Following the field visits, the study team evaluated the seven states as candidates for selection as the host state, where an in-depth study of prison industries would be conducted and recommendations made for prison industry change.

The host state selection criteria used to evaluate¹ the candidate states are provided in Table II-2. The strengths and limitations of each state with respect to each criterion were discussed by the study team, and ratings were assigned accordingly. Connecticut received the highest total score. Following this process, a sensitivity analysis was conducted to explore the impact of credible changes in the criteria weights on the top ranked state. There was no instance of a credible change in criteria weight that would result in any state other than Connecticut receiving the highest total score. As a result, in November 1975, Connecticut was selected to be the host state.

¹A detailed discussion of the evaluation process appears in a separate report by ECON, Inc, entitled "An Interim Report on the Host State Selective Task," November 11, 1975.

Table II-2 Host State Evaluation Criteria

- I. Opportunity to conduct a thorough analysis
 1. Extent and capability of information system
 2. Job placement and post-release data
 3. Interest of Director of Prison Industries
 4. Readiness to meet support requirement of the study team

- II. Opportunity to initiate an implementation program
 5. Existing physical facilities
 6. Feasibility of non-physical plant aspects
 7. Standards and Goals progress

- III. Capability of managing a smooth implementation
 8. Central office management ability
 9. Institution superintendent management ability
 10. Industry manager management ability
 11. Staff training and professional capability

- IV. Socioeconomic Characteristics
 12. Economic conditions/labor force characteristics
 13. Political climate

3. Study Tasks Performed in Connecticut

Figure II-1 provides an overview of the individual studies performed in Connecticut. While the structure of this overview was particularized to Connecticut, and no studies have been performed for other state systems, it can be used as a general basis for a procedure of evaluative study. However, it must be cautioned that the findings of the study are specific to the dependencies that exist in the state of Connecticut.

The concept which motivates the structure of this study is that prison industry, in its present operating form, does not contribute its full potential to the problem of inmate rehabilitation. However, it could, if, within the constraints of the correctional institution, prison industry was pursued with objectives identical to those of economic enterprise-- profit and growth.

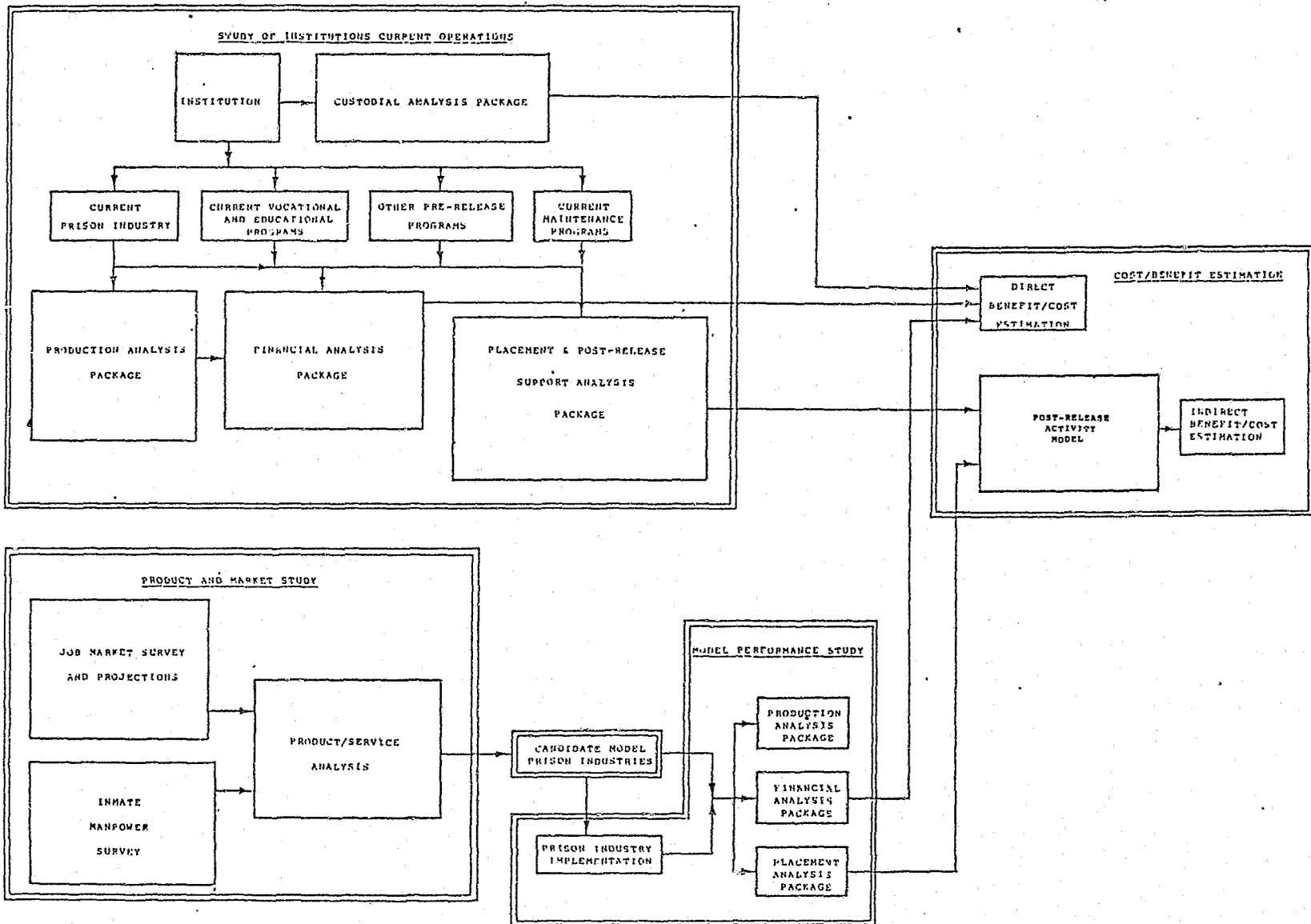
As a system design, the objectives of prison industry are:

1. Expansion of inmate rehabilitation success
2. Environments as close as possible to that of other industries
3. Profits and growth.

Constraints on the system design are:

1. The work force changes with prison population.
2. Custodial imperatives must be adhered to.





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Figure II-1 Prison Industry Study Overview (Connecticut)

3. Legislative and political controls exist, particularly for the products of the industry.
4. Industries are already in operation.

Rehabilitation potential is embodied in effectively matching in-prison vocational skills to those in demand in social industry, so that prisoners, on release, will have a realistic opportunity and expectation of adequate employment; and will, therefore, be less likely to commit crime and repeat the cycle of incarceration. In addition, it is necessary to select prison industries that are also responsive to the capabilities of in-prison labor, to the capital basis required for the industry, and to the management skills that can maintain and expand delivery of goods and services, profitably, to the market. In the lower lefthand corner of Figure II-1, the job market survey and the inmate manpower capabilities survey identify candidate industries for the model industries program in Connecticut.

The job market survey examines estimated future job openings in industry, by occupation, in the various geographical regions of Connecticut that correspond to the major metropolitan areas, where the bulk of Connecticut's state prison population is likely to return. Wage scales for the trades related to the job slots available were identified, together with perceived barriers to the employment of exoffender workers in these trades.

The inmate manpower survey focuses on the compilation of skill profiles of potential inmate workers within the state prison system of Connecticut and, in addition, examines those

characteristics which may limit the size of the work force available to the several prison industrial shops. These factors include the characteristics of the criminal and social history of the potential work force, distribution of length of sentence, education and vocational experience, and vocational aspirations. Further, the existing classification and assignment process is examined to determine its impact upon the supply/demand aspects of the industrial work force.

These surveys together identify the degree of existing skill correspondence between the potential prison work force and the projected desirable skills in social industry. They also indicate how training of the prison work force and adaptations of its intrinsic skills could be made to correspond more fully. Together they give rise to a product/services analysis from which candidate prison industries that can and could be implemented are identified.

While it is difficult to state a unique set of rules that define a preference ordering among candidate industries, there are a number of considerations. These include: a required capital investment that is not excessive, favorable sales markets and profitability potential, favorable job markets, and the availability of interested and qualified (requirements on education and prior training which are not demanding) workers from among the inmate population.

If the candidate prison industries were implemented now, they would require personnel with appropriate skills, the

necessary capital investment, and a production rate efficient enough to allow a competitive market price plus profit. The factors significant to assumed implementations are subsumed under production analysis and financial analysis. The production analysis, on an industry-by-industry basis, constructs manpower scheduling and control, marketing procedures, order processing, and supervisory skills and training required to respond to the shop market. The financial analysis seeks to establish a realistic estimate of industry profitability in relation to the market and the degree of its capture by the industry. This includes accounting, overhead and commercial expenses, financial control and capital recovery as elements. It also estimates the capital needs and growth, through which the industry is established and grows.

Each candidate industry (assumed as implemented and with economically reasonable assumptions relating to its production and profitability) will require prisoner placements--placements which depend upon the characteristics of the assumed in-prison working population. Each candidate industry will be influenced in its operations by the current status and procedures of the operating institution and will, in its turn, influence the status and procedures of the institution. These interrelated influences can have either a positive or negative effect on institutional operation or the candidate industry. These effects reflect into the production analysis and the financial analysis, as effects of implementation practicality.

Establishing or improving any economic activity is not a pure theoretical pursuit. Profitable business is a practical endeavor; theory can minimize the chance of failure but the acid test is to implement, observe, measure and modify. [Thus, this study suggests the most realistic prison industry possibilities for a particular prison (CCI-Somers) in the state of Connecticut. The same possibilities would not necessarily apply elsewhere where conditions may be vastly different.]

Free Venture prison industry seeks to develop self-supporting, profitable industries whose inmate workers have direct economic and social incentives, while in prison, to work toward release, and which simultaneously prepares them to be profitably employed after release, thus preventing their return to crime as a way of life.

The economic income from each prison industry must be distributed among industrial workers and nonindustrial workers in order to keep and maintain prison equilibrium in the prison. It should also provide a prisoner with gate money on release to help him reestablish himself in the community. Furthermore, while in prison, the earnings of a prisoner should be used to defray social expenses which he has incurred.

The Free Venture prison industry is a mechanism for generating benefits from its existence. These benefits are directly and indirectly measurable, in economic terms. The benefits are as follows:

1. Prison industry workers can develop and retain goals and satisfactions.

2. Prison industry workers are motivated to seek permanent release from prison, by virtue of being assured of permanent working skills.
3. Prison industry workers can enjoy, in prison, higher standards of living.
4. The industry can satisfy some state purchasing requirements at reasonable prices.
5. Prison industry income can be extended to other indispensable nonindustry prison workers.
6. Prison industry workers can serve as examples to motivate other members of prison populations.
7. Prisoner wages support the industry, the transition period of release, and postrelease welfare.
8. Prisoner wages offset state responsibilities to prisoner families, federal taxation and possibly victims of crime.
9. Reduction of recidivism reduces the expenses of the state.
10. Prison industry growth is possible through capital accumulation from prisoner wages and partial sharing of state benefits.

These benefits can be developed through effective evaluations of both production and finances for candidate industries, since they are the basis of decisions regarding wage distributions and allocations. The benefits materialize only with effective controls and are measurable only through procedures of evaluation appropriately developed in context.

In the upper portion of Figure II-1, major tasks were undertaken at the institutional level. A custodial analysis was conducted which sought to determine the institutional impact of the existing industries program in terms of disciplinary infractions, vandalism and sabotage, and work/program interruptions as a basis for future benefit analysis. An analysis of the placement

and postrelease support services available to inmate workers was made, along with their impact on postrelease experiences.

As indicated in Figure II-1, the outputs of the individual tasks become separate inputs into an overall industrial program evaluation plan designed to assess the costs and benefits of the existing and projected new industrial shops. The evaluation plan seeks to measure the program impact in three distinct areas:

- Institutional operations
- Prison industry operations
- Postrelease performance of ex-inmate employees.

Several evaluation instruments were developed with which to collect the basic data required for program assessment. A feasibility study was conducted of the required data collective effort; no major difficulties were encountered during the pretest period.

Since there is no general theory which can be used effectively to assist in the review and assessment of existing industries, in the selection of industries for expansion, or in the introduction of new industries, some postulates of guidance will be presented.

Under the Free Venture concept, it is essential to establish industries for whose products there is a long-term demand at product prices which are competitive with social industry, but which are more profitable than bank savings. At the same time, the industry overall must have a market profit

that allows its revenues to be reasonably and effectively developed and allocated toward the benefit and incentive goals outlined.

The industry operation must then be implemented with industry rules for its personnel, equipment, accounting, financial control, marketing and training, so that prisoner workers acquire the working habits of nonprison industry.

Industries must be selected to satisfy the limitations of the state but must have the clear goal of providing workers with skills that will be in demand upon their release into the nonprison job market. In particular, industries must be selected that are not biased to employment exclusion of former prisoners.

The initial market that should be extensively explored is that which exists as a 'state' market, that is, the market of state funds allocated to the purchase of goods and services for state use. This market includes purchases made through the state process but which are not for state use and are generally so identified.

In order to determine whether an existing shop is a potential candidate for Free Venture operation, the following questions must be resolved:

1. What is the maximum level of production that can be attained if the existing machinery and equipment are operated at full capacity (i.e., 7 hours a day, 5 days a week, 50 weeks a year)?
2. If the existing equipment and machinery are old and/or outmoded, what new equipment and machinery are needed to boost the production level to match the productivity standard of

private industry; and is this capital investment economically justified in terms of the added value of production that might result from it?

3. How large is the potential market for the product?
4. If the market demand is much higher than the production capacity, the situation is encouraging. But if the production capacity of the shop is higher than the market demand, can this excess capacity be applied toward the production of other, analogous, products that have a potential market?
5. How many staff members and workers should be employed in order to run the shop at full capacity, and what would be a reasonable mix of backgrounds and skill levels of the workers?
6. Given the backgrounds, skill levels and length of sentences of inmates, is it realistic to assume that the necessary labor force can be made available from among the inmate population (using a proper screening procedure) so that the shop can start running at its full capacity within a reasonable time?
7. How long a time does an inexperienced worker train in the shop before becoming skilled and fully productive? Further, on what basis should workers be classified into various skill levels?
8. What are reasonable annual income levels associated with the various skill levels?
9. What are the various costs associated with industry, viz., raw material, shop overhead, central office overhead, labor, marketing? What items should be included in the shop overhead and the central office overhead?
10. What is a reasonable net profit margin as compared to that of similar industries in the outside world?
11. What should be the pricing policy for products in order to meet the expenses and guarantee the net profit margin?
12. Is that pricing policy competitive with the open market prices of similar products?

The criteria for decision making regarding the selection of new prison industry have been threefold:

- Do the work skill requirements match the capabilities of the inmate workers?
- Is the industry a financially sound venture for correctional industries, with growth potential? This implies that (a) capital investment requirements are not so high as to discourage the funding source, and (b) markets exist that allow for profit while paying inmate wages at least as high as projected for the existing industry shops and which provide for continued growth of the industry shop.
- Does the industry prepare inmate workers--by way of specific job experience--for jobs upon release from the institution?

C. Organization of the Study Team

In addition to the assignment of the specific tasks to specific individuals of the study team, a substantial number of consultants were brought together to contribute their technical expertise in one or more specialized areas of the study. A Panel of Consultants was assembled which consisted of persons having a special interest in and knowledge of legislative, correctional, industrial and management/labor aspects of industry generally, and prison industry specifically. This advisory panel met with the study team on two separate occasions.

At the first meeting, the panel's reactions, information and advice were sought on many subjects, including possible problems to be encountered, insights relative to the selected states in which the field visits would be conducted, and critical comments concerning the proposed study methodology. The first meeting of the panel was conducted just prior to the beginning

of the field visits and was most helpful to the study staff, increasing its awareness of problem areas, questioning its preconceptions, and in preparing the field work.

The second meeting of the Panel of Consultants was conducted at the conclusion of the field visits, after some preliminary results had been obtained in the host state, Connecticut, regarding the job market survey, the inmate manpower survey, and the prison products/market survey. At this meeting, the findings of the field visits and studies in Connecticut were discussed, and advice was sought from the panel on the short-term and long-term strategies for introducing prison industry change.

III. STUDY FINDINGS

A. General Findings of the Seven-State Prison Industry Survey

The examination of prison industries in the seven states visited during the Host State Site Selection task resulted in these principal findings:

1. With rare exceptions, prison industry contributions to the state, the prison, and the inmate worker fall far short of their potential. Their potential contribution includes: savings to the state in terms of reduced state agency purchasing expenditures, reduced welfare costs, and reduced criminal justice costs; benefits for the prison in terms of a reduced rate of disciplinary infractions and a more normal social atmosphere; benefits to the inmate worker in terms of increased wages, ability to provide family support, industrial training, and job placement.
2. The failure of prison industries to achieve their potential is due to many causes, not all of which are under the control of industry managers.

Table III-1 presents an oversimplified, but useful, list of the typical problems which were found to affect prison industry operations.

There is a lack of accountability within industry shops for both supervisors and inmate workers. Inmate workers are frequently assigned and reassigned by the warden or the prison classification committee, rather than the industry manager.

Marketing efforts of prison industries are generally severely limited. Prison industry work generally provides very limited preparation for community release, in part due to lack

Table III-1 A Hierarchy of Typical Problems
Affecting Prison Industry Operations

- Political Realities
- Limited Markets--even where state-use laws are present
- Lack of well-defined industry goals and standards of accountability
- Constraints of institutional routine
- Prison industry management/operations problems
 - lack of accountability
 - limited marketing efforts
 - limited preparation for community release
 - lack of transferable skills
 - poor financial records and controls
 - high overhead
 - overstaffing of shops
 - short work days
 - low wages and productivity

of transferable skills available within industries and, in part, to limited assistance in job placement prior to release from the prison.

The financial records and controls for prison industry operations are generally poor, and industries frequently suffer from high overhead charges because of excessive supervisory time per man-year of labor and overstaffing of shops. This is a consequence of the short industrial work day of an inmate (typically three to four hours per day). Typically, inmate industrial workers earn \$1 a day or less, with the same daily wage for skilled, semiskilled and unskilled workers. There is little incentive for an inmate to work in industry, since good time allowances are often more generous for institutional work, and sustenance payments in educational programs frequently equal the wages earned by prison industry workers.

The institutional routine limits the length of the prison industry work day, as do excused absences. Concern for institutional security and tranquility discourages work incentives that would be better for prison industry workers than those available to the general inmate population. Equally, prison industry management problems impact the constraints of the institutional routine. If, however, a prison warden was presented with an industry action plan (and a management team to carry it out) from which cost savings to the state and institution could be realized, along with preparation for inmate community release, the motivation necessary for modification of

the staff work schedule and the institutional program routine would exist.

In a survey that was conducted in the prison systems in six states, industry managers were asked to rank from "one" to "five" a number of goals of prison industries (with five the highest possible rank and one the lowest). Table III-2 shows the results of that survey in order of ranking and highlights the nature of the problems of inadequate goals and standards of accountability.

Note that the two top-ranked goals pertain to developing attitudes in inmate workers and, as such, are essentially nonmeasurable in any reliable way. The third- and fourth-ranked goals are reasonably viewed as necessary but insufficient objectives of industrial work programs in prison. Finally, the five lowest ranked goals could all be characterized as relevant and measurable.

If industries are to achieve their full potential, well-defined and measurable industrial goals must be articulated by the commissioner for the prison industry management. Standards of accountability must be defined along with a process for periodic review of prison industry performance by the commissioner, and means furnished to achieve the goals.

The search of state statutes and case law revealed that there are many state limitations on inmate labor and on the sale of inmate goods and services within a state. In Connecticut, the study team found that, despite a state law requiring state agencies to purchase products from Correctional Industries, only 2 percent

Table III-2 Industry Management Ranking
of Prison Industry Goals
(In order of Importance)

Goals of Prison Industries

1. To develop in each inmate employed in industries a set of attitudes favorable to work and the work situation
2. To develop in each inmate employed in industries attitudes favorable to living a law-abiding life
3. To develop in each inmate employed in industries the minimum qualifications necessary to hold a job (i.e., general job skills, the ability to follow safety rules, etc.)
4. To constructively occupy the time of the inmate population
5. To provide quality goods for the available markets in the state
6. To provide each inmate employed in industries with a high level of vocational skill
7. To provide low cost goods for the available markets in the state
8. To make a profit
9. To help underwrite the cost of the total correctional program

to 4 percent of total state expenditures for products made by Correctional Industries was channeled to Correctional Industries whose production capacity was not a limiting factor on their share of the state purchasing market. This limited exploitation by prison industry of guaranteed state markets for goods and services is a common phenomenon. The study team believes that a host of contributing causes for this will be eliminated once prison industry is motivated by industrial goals and is accountable to the Commissioner of Corrections for their attainment.

Historically, there was legitimate political concern over the threat that prison industry represented to organized labor and private industry, and this has been dominant in limiting prison industry markets. Over the past five years, significant countertrends have emerged. Six states now have legislation which authorizes the sale of prison industry products on the open market within the state. Minnesota has expanded its prison industry operations by inviting private industries into the prison to set up and run industrial operations. Both private industry and organized labor in Minnesota were very receptive to this program. In a recent study of prison industry in South Carolina, a number of private firms expressed interest in assisting in the development of an expanded, real-world prison industry work program. In Connecticut, the Department of Labor has instituted formal apprenticeship training programs in connection with several prison industries.

In short, the political climate surrounding prison industry operations is ripe for change. Recent trends, while helpful and encouraging, need to be given significant added impetus. Unless the low profile operating mode, which was forced upon prison industry by the political realities of the times, can be lifted, few substantial improvements can be realized from efforts devoted to lower level, subsidiary problem areas.

B. Development of A New Charter For Prison Industries -
The Free Venture Model

The common problems of prison industry that were observed by the study team during its survey of seven state correctional systems, and the recent trend among states to review their industrial programs with an eye toward change, point to the need for a new charter for prison industries--one that will encourage prison industries to approach the realization of their full potential. The study team has developed a proposed charter, called the Free Venture Model for Correctional Industries, which is designed to emulate the outside world of work as closely as possible within the prison setting. In this model, the rehabilitative effectiveness of a prison is presumed to be correlated with economically productive prisoner labor, working at socially relevant jobs, in a socially normal industrial context.

Thus, it is argued that rehabilitative effectiveness is best served if prison industries closely parallel their non-prison counterparts, within the constraints of prison custodial imperatives, legislative permissivity and economic conditions.

The prison industry must then be organized as any other industry, seeking financial viability through its available work force while producing what is readily marketable; but in addition, the prison industry must prepare its workers for an eventual valid return to the real-world force.

The prison is then viewed as an economic production unit--organized, managed, capitalized and operated to produce a profit from the sale of its products, distributed either to the state or to private consumers. The prisoner-worker is compensated realistically for his industrial productivity and that compensation is employed to fulfill responsibility to himself, his family, and the state, and to provide him, on release, with gate money and any necessary postrelease support services. The fundamental aim of the Free Venture Model is to generate profit from the industry which will allow industry expansion. Prisoner-worker compensation is subordinate to this profit.

The prison industrial work force is selective. It requires voluntary participation, the requisite skills and the necessary sentence time in the institution. Not only working prisoners benefit from the industry--some of their earnings are shared among other inmates; yet within the prison, policy must be established so that no friction results from the prison industry effectiveness. When former prisoners are successfully integrated into the community after release, the prison industry is compensated. If former working prisoners return to prison, they are no longer eligible to belong to the prison industry work force.

Thus, the Free Venture Model, with a potential variety of operating implementations, seeks through economic incentives to provide prisoners with an opportunity to participate in more normal social, psychological and economic conditions, which is conducive to permanent rehabilitation and a consequent reduction in criminal justice costs.

The objectives of the Free Venture Model are:

1. Realistic work environment, including
 - A full work day
 - Inmate wages based upon work output
 - Productivity standards comparable to those of outside world business
 - Hire and fire procedures, within the limits of due process rights
 - Transferable training and job skills
2. Partial reimbursement to the state by inmates for custody and welfare costs, as well as restitution payments to victims
3. Graduated preparation of inmates for release into the community
4. Fixing responsibility--with financial incentives and penalties--for job placement of inmates upon release into the community
5. Financial incentives to prison industry for successful reintegration of offenders into the community
6. Self-supporting, profit-making business operations.

The Free Venture Model is an umbrella concept which, while defining the mode of Correctional Industries operations, is nonetheless broad enough to encompass a wide variety of alternative businesses and operations. For example, the business modes could include state-run prison industries, or privately managed prison shops. Such business modes could be run either

on a contract basis for management services to operate a shop utilizing state-owned equipment and inmate labor, or as a joint enterprise between the state and private industry. Such a not-for-profit corporation could share capital investment, materials and labor costs, or could lease space from the Department of Correction and set up a for-profit production/service shop within the prison, contracting for inmate labor with the Department of Correction. Inmate owned and/or operated businesses, under the supervision of state officials, is another possibility.

The operating procedures of different Free Venture shops might differ widely in respect to inmate remuneration. Some shops may lend themselves best to straight hourly wages, others to piece-work rates, still others to profit sharing and bonus arrangements.

There is no single best combination of business form and operating procedure for which one can argue persuasively on an a priori basis, nor does the Free Venture Model attempt to prejudge this issue. Rather, ECON suggests that this issue be decided by the market test. Correctional Industries' management should be encouraged to proceed in the implementation of the Free Venture Model by testing several business modes and wage remuneration schemes in different institutional environments. In the spirit of a willingness to innovate, the program should be monitored and shop operations adjusted in accordance with experience.

The only "optimal" strategy that can be recommended a priori is to test several variations in business modes and operations simultaneously, discarding those which do not work

very well, and pursuing vigorously those which do. This approach is, after all, the one by which the world of free venture operates.

C. The Free Venture Model Applied
CCI Somers - Connecticut

Having developed the broad characteristics of the model prison industry program which the study team believed could be implemented in most state correctional systems, the remaining tasks of the study were devoted to choosing an institutional site and molding the Free Venture Model to the characteristics and needs of the specific institution.

After a review of several possible institutional sites for the location of a model prison industry program in Connecticut, the study team, jointly with the Department of Correction and the LEAA project monitor, selected the maximum security institution, CCI Somers, as the initial focal point for this project. Somers, which opened in 1963, is the only maximum security facility for sentenced adult male felons in Connecticut. It has a rated capacity of 984 inmates and a 1976 average population of 954, with a total staff complement of 537. Of the four state prisons in Connecticut, Somers has the largest industrial operation. In the past year, an average of 280 inmates were employed at a wage of \$1 per day in one of 13 prison shops which produced total gross revenues of some \$400,000.

The inmate population of Somers is evenly distributed between whites and minority prisoners. The typical Somers inmate

has an extensive criminal record; only 5 percent of the population are first offenders. The average Somers inmate has been convicted three or more times: 65 percent of the inmate population are presently incarcerated for the crimes of murder, rape, robbery, assault or burglary and 50 percent of the Somers population have previously been convicted of one of these same crimes. The average Somers inmate is 27 years of age, his first conviction occurred at age 18. A Somers inmate will serve an average of 43 months in prison for his present conviction before parole and he is very likely to have resided in an urban area (82%) and to have been unemployed at the time of arrest (80%).

Within twelve months of the time of parole or discharge, 36 percent of a sample of 72 Somers ex-inmates were rearrested, 17 percent were reconvicted and 12 percent were reincarcerated. Over a 15-month period, the Somers sample logged a 39 percent unemployment rate as a group; and of those rearrested, 75 percent were unemployed at the time of rearrest. Only 28 percent of the Somers sample worked at jobs that were related to their prison work experience and only one out of three Somers inmates expressed an interest in jobs related to their prison work.

In short, CCI Somers provides an opportunity to fully test the efficacy of a realistic industrial work system in a prison setting.

With the cooperation and generous assistance of the Commissioner of Correction and his central office staff, the

Director of Education/Industry and his staff, and the Superintendent of CCI Somers and his staff, numerous specific recommendations were developed to operationalize each goal of the Free Venture Model in the prison industrial system of Connecticut, beginning with CCI Somers.

The Free Venture Model consists of a set of desirable objectives to which prison industries should be designed or adapted for operation and implementation. Since each prison and each state correctional system is to a large extent particularized, the Free Venture Model objectives can only be realized to an extent permitted by each institution's individual constraints, and the changes that can be introduced into the institution and the state's correctional process or structure.

In general, Free Venture prison industry cannot be constituted a priori. It must result from a selection by evaluated trial and error, through which the economic performance of an industry is optimized. Planning, development and implementation is, as a minimum, a two-step procedure, short term and long term, arising from intensive technical analysis of current or proposed prison industry and plans for introducing elements of its operation.

For the State of Connecticut and CCI Somers, the technical analyses and evaluation are fully documented in Volume VII, Technical Tasks and Results, and the recommendations for development and implementation arising therefrom in Volume VI, Analysis of Prison Industries and Recommendations for Change,

both of which are part of this report on the Study of Economic and Rehabilitative Aspects of Prison Industry.

The fundamental precept of Free Venture prison industry is that it should be operated and managed with the same economic stringency as any other social industry, yet be always mindful that the industry is confined to a correctional institution and that the objective is to successfully rehabilitate the institution's inmates. Thus, the industry must be strongly oriented to producing a profit from its economic resources and that profit must be used in the form of incentives to rehabilitation among the inmates. Since, in general, neither the selection of prison industry nor the management of the industry has been motivated by economic profit development in the past, substantial change must be supported, and this change, because of the unique constraints involved, must be accomplished through a process of innovation, trial and modification, over time.

The recommendations for Connecticut and CCI Somers are complex and diverse and highlights are provided below within the specified framework of the objectives of the Free Venture Model.

Recommendations for Connecticut and CCI Somers

A Full Work Day. The current work day is inadequate to the economic objectives. The day recommended is shown in Table III-3.

Inmate Wages Based Upon work Output. It is recommended that average target wages during the first year should be as follows:

Table III-3 Free Venture Industry Work and
Institute Service Schedule,
CCI Somers

6:00 a.m.	Wake up
6:30 a.m.	Breakfast and return to cell for clean-up
7:00 a.m.	Inmates "clock in," tasks assigned, work orders organized
7:10 a.m.	Shop fully operational
9:00-9:10 a.m.	Break
10:45-11:15 a.m.	Box lunch
1:00-1:10 p.m.	Break
2:50 p.m.	Clean-up
3:00 p.m.	Inmates clock out
4:00 p.m.	Inmates taken to evening meal
5:00 p.m.	Recreation
9:00 p.m.	All inmates return to cell
4:30 a.m.	Count

Trainees	\$1.00/day
Unskilled	\$0.96/hour
Semiskilled	\$1.09/hour
Average skilled	\$1.64/hour
Highly skilled	\$2.47/hour

These are target wages, since wages will depend on shop profitability. They should be paid weekly and, except for trainees, the paycheck should be 75 percent of target wages. Shop profit should be determined quarterly. The work week should be 30 hours and the workers should receive a one-week paid vacation after one year of service.

Productivity Standards Comparable to Those of Business.

Each shop (print, furniture, upholstery, woodworking, etc.) should have an established Industry Advisory Committee, under the Director of Industries, meeting regularly with shop management to establish productivity standards.

Hiring and Firing Procedures. Generally, the Classification Committee will establish the pool of work-eligible inmates, with the Industrial Director being responsible for hiring and firing from the pool. The full content of the elements of this subdivision of authority will be found in Volume VI, p. 60, et seq.

Transferable Training and Job Skills. Skills required in the Free Venture industry should correspond to occupational skills. Skill qualifications of prisoners should be evaluated by independent consultants as well as industry supervisors and foremen after 2000 hours on the job.

Partial Reimbursement to the State by Inmates

1. Twenty-five percent of gross pay to be retained as a chargeback by the institution.
2. Federal tax to be paid where appropriate.
3. Inmate family support (up to 50 percent of gross salary for family on welfare) or victim restitution.
4. Warden to decide on inmate spending allowances.
5. Inmate savings to receive interest.
6. Chargeback funds for:
 - Job placement and postrelease support
 - Gate money
 - Industry growth capital
 - Wage bonus to selected nonindustry workers.

Graduated Preparation for Inmate Release. The phased-release procedure tends to redistribute the inmate worker population and therefore may influence the industry economic effectiveness. Additional work transportation may be necessary to obviate this or prisoner options may be necessary. It is not recommended that industries be replicated throughout institutions but perhaps some extension industries at other institutions may be appropriate so that skills and income are not lost.

Responsibility for Job Placement. The Director of Industries should assume responsibility for comparable job placement on inmate release. In case of job placement failure, industries would provide compensation as gate money, depending on skill acquired. Gate money would be paid at \$100/week, terminating on re-arrest or abu. . Successful placement of inmates is an incentive to the Director of Industries to retain growth income from the industry.

Financial Incentives to Prison Industry. When released offenders are successfully rehabilitated through the evaluated success of the prison industry activity, then it is proposed that the state should reimburse the prison industry capital. It is suggested that after three years of operation of a Free Venture industry, the state evaluate the savings that have resulted, and, initially, allocate 20 percent of this savings to the capital base of the prison industry. Economically and more rigorously, from economic analysis, the state should reimburse that amount of capital which will give rise to the benefits from which the capital reimbursement is supplied.

Self-Supporting Business Operations. It is a fundamental of the concept of Free Venture industry that each industry generate a profit, and accounting and financial controls should be established to measure this profitability. It is recommended that each Free Venture shop seek at least a 5-percent annual profit on sales, and that the group of shops seek an annual profit of 10 percent.

Free Venture Industry and the Institution. It is clear that the new form of industry will interact with the institution and its operating form. It is quite evidently desirable to counteract adverse influences. The following counteractions are suggested:

- To retain inmate labor in institutional but nonindustrial jobs, institutional labor income will be supplied from industrial labor deductions.

- Certification of industry workers as a program is to demonstrate how and why industry workers are selected.
- The Correction Department must commit itself to industry growth to gradually expand worker opportunity and potentially minimize differential prisoner treatment.
- While it is suggested that prison industry workers be allowed to expand their standard of living, it is suggested that their monthly spending allowance be identical to that of all prisoners.
- Prison industries positions should be "5-day jobs"
- There should be no parole differentiation between industry workers and nonindustry inmates.

Free Venture Recommendations as Trials. The following prison industries are likely candidates for Free Venture: Print Shop, Optical Lab, Dental Lab, Typewriter Repair, Small Engine Repair (with restrictions).

IV. CONCLUSIONS AND RECOMMENDATIONS

There is a willingness among correctional administrators and prison industry managers to undertake major changes in the present day operations of prison industries, changes designed to create a realistic, productive work environment in the prison which mirrors the outside world of work, and which truly prepares the offender for a self-sustaining job upon release from prison.

The Free Venture Model for Correctional Industries, developed by ECON, provides a framework and specific goals for such a model prison industrial system. A detailed plan has been developed for implementing the Free Venture Model in Connecticut. The plan demonstrates not only the feasibility of the Free Venture prison industry concept but also its far-reaching business implications. Within a one-year period, operating eight existing prison industry shops in the free Venture mode, annual sales could be increased from \$300,000 to \$1 million; substantial annual losses could be turned around to a profit of \$120,000; and annual savings to state agencies can be increased from \$89,000 to \$370,000. At the same time, the size of the inmate labor force for these shops would increase from 120 to 150 workers and the gross average monthly wage per worker would increase approximately tenfold, without financial risk to the state. In addition, a 25-percent institutional "charge back" would be imposed on the inmate worker earnings to finance the following activities:

1. Job placement and postrelease support services to the ex-inmate workers
2. Gate money in the event of job placement failure
3. Institutional purposes, including the expansion of Free Venture industry job slots.

Finally, depending upon the actual gross wages earned, federal taxes and family assistance, or restitution payments, would be paid by the inmate workers.

ECON expects that the task of implementing the Free Venture Model in a state prison system will be a very difficult one. Many pressures to dilute the far-reaching thrust for major change within and without the prisons can be expected. In order to control the risk of project failure, ECON recommends that LEAA sponsor the development and evaluation of prototype, model prison industry programs in several state correctional systems that are known to be receptive to and ready for major prison industry change.



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