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BY THE U.S. GENERAL ACCOUNTING OFFICE

Report To The Attorney General

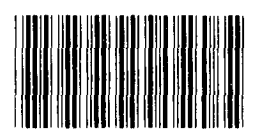
Improved Prison Work Programs Will Benefit Correctional Institutions And Inmates

A basic concept of the Federal Prison system is that the idle time of inmates should be kept to a minimum. Inmates are to be kept busy in several ways: working at tasks to keep the institutions operating, such as facility maintenance and food service; industrial work programs; educational programs; and recreation.

While some institutional tasks are essential for operating prisons, often more inmates than necessary are assigned, resulting in make-work jobs and inmate idleness. Also, these tasks do little to provide inmates useful job skills.

On the other hand, participation in industrial work programs provides greater opportunities for inmates to acquire job skills and work habits important for employment in the private sector. GAO found untapped opportunities to expand program participation.

Doing so could reduce the problem of over-assignment to institutional tasks and taxpayers would be spared some of the burden of prison costs. The report contains several recommendations for bringing this about.



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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

GENERAL GOVERNMENT
DIVISION

B-200869

The Honorable William French Smith
The Attorney General

Dear Mr. Attorney General:

This report discusses how institutional and industrial work programs in Federal correctional institutions can be improved and the results of Federal efforts to assist States in improving prison industries. We have several recommendations to you on pages 13 and 49. Also, on page 32 we are recommending that the Board of Directors of Federal Prison Industries, Inc., work with you on several matters dealing with industry markets, opportunities for inmate employment in industries, and ceilings on Federal Prison Industries supervisory personnel.

As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House Committee on Government Operations and the Senate Committee on Governmental Affairs not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

Copies of this report are being sent to the Director, Office of Management and Budget; Director, Bureau of Prisons; the Board of Directors, Federal Prison Industries, Inc.; and the Acting Administrator, Office of Justice Assistance, Research, and Statistics.

Sincerely yours,

A handwritten signature in cursive script that reads "W. J. Anderson".

William J. Anderson
Director

D I G E S T

Federal and State correctional institutions, which house nearly 350,000 inmates, operate work programs to reduce idleness, provide inmates with marketable job skills and meaningful work experiences, and reduce correctional costs. GAO conducted this review (1) to determine how well these goals are being achieved in Federal prisons and (2) to evaluate Federal efforts to help the States improve the operation of their prison work programs.

FEDERAL INMATE
WORK PROGRAMS

The Federal prison system is administered by the Department of Justice through its Bureau of Prisons. In keeping with Bureau policy and philosophy, most of the approximately 26,000 Federal inmates are employed in two types of work programs:

- institutional work programs, which include activities such as housekeeping, food services, and day-to-day maintenance; and
- industrial work programs, operated by Federal Prison Industries, Inc., which produce products for sale to Federal agencies.

Institutional work is important for the day-to-day operations of prisons, but the typical institutional job does little to enhance inmate work skills. Moreover, many more inmates than necessary are assigned these tasks, resulting in shortened work schedules, make-work projects, and generally undermining the Bureau's goal of reducing idleness. (See pp. 6 to 15.)

In contrast, GAO found that industry work programs, which generally provide inmates with work experience more relevant to outside employment and which help reduce prison costs, were sometimes short of workers. Since 1970, about \$64 million in industry profits have been used to support various programs, and the Bureau estimates that industry profits would increase by about \$2,800 annually for

each additional worker. GAO believes many workers assigned to institutional tasks could be more appropriately employed by existing prison industries and that the industries could be expanded to absorb an even greater number of inmates. (See pp. 16 to 21.)

However, before this can happen, several problems must be overcome. First, the Bureau does not have systemwide criteria for determining the number of workers needed to perform day-to-day institutional tasks. Without such criteria, it is difficult to effectively distribute the inmate workforce. Industry managers cannot plan production when they do not know how many inmates are available for industry. While several Federal correctional facilities have identified opportunities for significantly reducing institutional staffing levels, these attempts have not been publicized Bureau-wide. Doing so could help other institutions. GAO is recommending this as well as other actions designed to improve the staffing of institutional programs. (See pp. 6 to 9 and 13, 19, and 20.)

A second barrier to increasing prison industry employment is an OMB-directed administrative personnel ceiling which limits the number of supervisory personnel. By creating a shortage of supervisors, this ceiling would arbitrarily restrict the number of inmates that could be employed in industries. GAO sees no persuasive reason for the ceiling because industry personnel's salaries are paid from industry-generated profits and have no effect on appropriated funds. GAO recommends the ceiling be removed. (See pp. 20, 21, and 32.)

Concerns over competition with private businesses for the Federal market also hinder expansion. GAO believes that opportunities exist to increase prison industries' share of goods and services produced for the Federal market. However, little guidance exists on what constitutes acceptable levels of competition for prison industry products, and prison industry managers are generally not aware of industries' share of the current Federal market or the potential Federal market that industries could command. (See pp. 17 to 19.)

Finally, the quality of the work experience could be improved. Most inmates lack sufficient job skills and work experiences necessary for private employment. Prison industries, however, place greater emphasis on teaching good work habits than on developing job skills. Also, most inmates working in the industries are not exposed to work

environments similar to those of the private sector. Generally, inmates work less than 8 hours a day and are not required to achieve productivity levels comparable to those of private business. Furthermore, most industrial work programs lack meaningful production standards and work measurement techniques. (See pp. 21 to 30.)

GAO recognizes the enormous challenges faced by correction officials in trying to operate more efficient and effective work programs. Furthermore, GAO realizes that problems of idleness and over-staffing will not be easy to solve and may never be totally solved. The sheer number of inmates, fluctuating prison populations, and the unsuitability of some inmates for industry work will preclude employing every inmate not required for essential institutional work. However, improvements can be made in these programs and GAO is making several recommendations to the Attorney General and the Board of Directors, Federal Prison Industries, Inc., designed to reduce idleness, enhance job skills and work experiences, and reduce correctional costs. (See pp. 31 and 32.)

In addition, during GAO's review the Bureau issued a comprehensive 5-year plan for improving industries marketing, sales, profits, and inmate employment and training. Effective implementation of the short- and long-range goals contained in the plan will improve many of the conditions addressed in the report. (See p. 16.)

Agency Comments and GAO's Evaluation

The Department in its comments stated that the report did not give sufficient consideration to the realities of correctional management and to the Department's professional expertise. The Department also stated that the Bureau's operational philosophy is that proper inmate accountability and minimal inmate idleness are the cornerstones of sound inmate work programs and that it does not intend to abandon this position in favor of "efficient" inmate staffing patterns. (See p. 13.)

GAO does not take issue with the Department's philosophy regarding inmate accountability and idleness. GAO's concern is whether Bureau programs are effectively implemented and GAO is

providing the Department its insights and recommendations for improving these programs under the Department's existing philosophy.

Furthermore, GAO's recommendations relate to separate but interrelated elements of the Bureau's operations--staffing institutional work programs, defining markets for prison industry products, creating incentives for inmates to work in industries and providing inmates marketable job skills and meaningful work experiences. All of these elements have a common denominator--utilization of inmates. Hence GAO's concern is consistent with the Department's philosophy and shows an appreciation of the realities of correctional management. Although the Department said that many of GAO's recommendations cannot be successfully incorporated into the correctional environment, it cited a number of actions that were initiated after GAO's fieldwork was completed that will help achieve most of the results GAO believes are needed. GAO believes that, if these actions are properly implemented, improved utilization and training of inmates will result, which will benefit both correctional institutions and inmates. (See pp. 14, 15, and 33 to 35.)

FEDERAL EFFORTS TO ASSIST STATE PRISON INDUSTRIES

State correctional institutions have traditionally operated industries that have been characterized by short work days, low inmate wages and productivity, overstaffing of shops, and limited product markets.

Two Federal programs have been created specifically to help States operate prison industries--the Free Venture Program funded since 1975 by the Law Enforcement Assistance Administration and the Prison Industry Enhancement Program authorized by the Congress in 1979.

Progress has been slow in achieving the Free Venture Program goals. This program helps States develop and implement strategies for transforming traditional prison industries into profit oriented businesses. Although about \$3.5 million has been provided to seven States and some progress has been made, no State has fully implemented the program. For the most part traditional prison industrial processes and attitudes have been slow to change. (See pp. 36 to 45.)

With the demise of the Law Enforcement Assistance Administration in April 1982, the Department plans to let the Free Venture Program expire at the end of fiscal year 1982 unless another sponsor is found. In the interim, the program will be administered by the Office of Justice Assistance, Research, and Statistics.

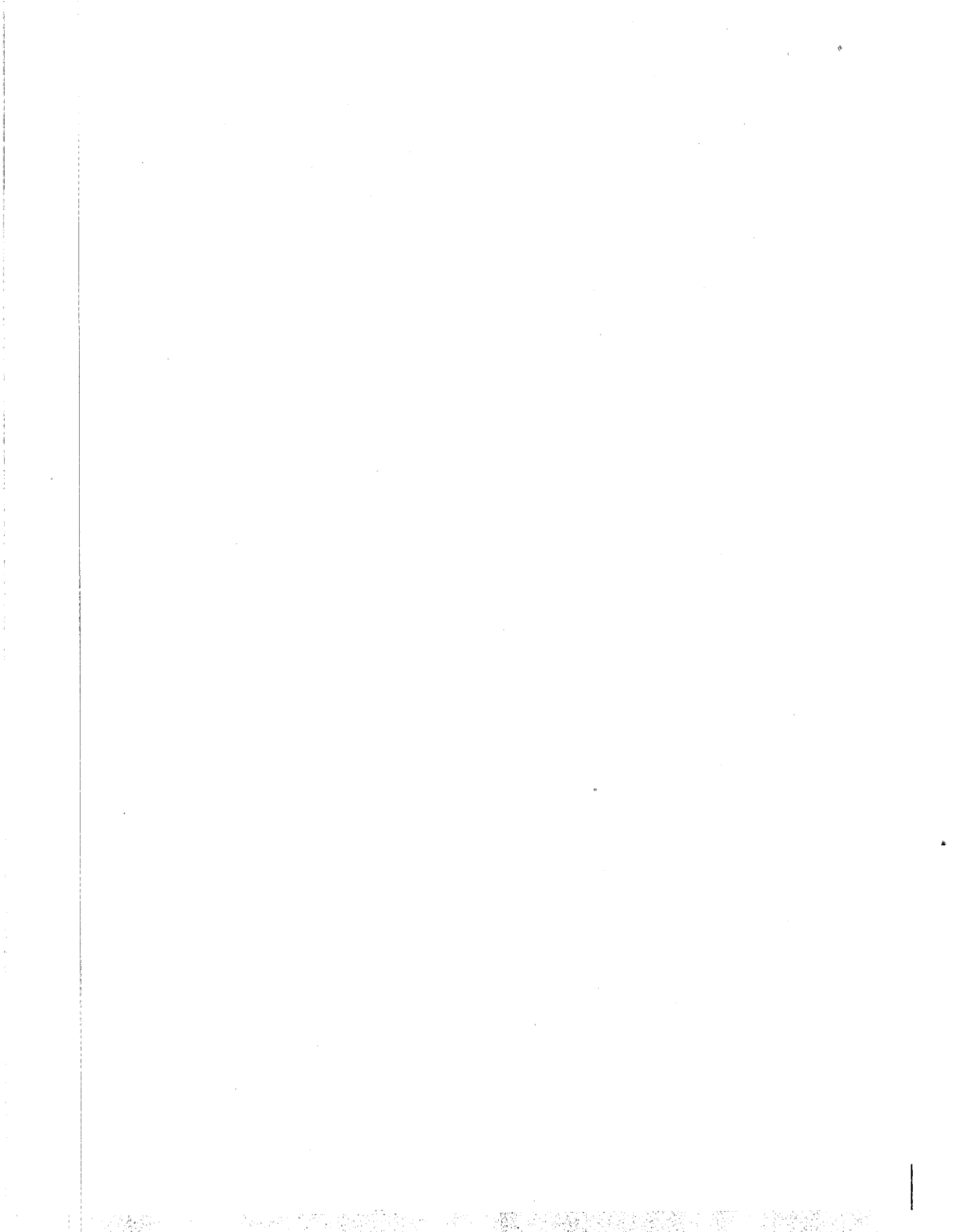
The Prison Industry Enhancement Program--which after April 1982 will also be administered by the Office of Justice Assistance, Research, and Statistics--is so new that GAO cannot assess its impact. A key feature of this demonstration program is to improve State prison industries by removing legislative restrictions on marketing their products. Some States, however, felt that certain provisions of the authorizing legislation created obstacles to successful implementation. The Department has proposed legislative changes to remove several of these impediments. (See pp. 45 to 48 and 50.)

Because of the uncertain future of the two Federal programs, GAO recommends that the Attorney General submit to the Congress future plans for these programs. GAO also recommends that the Director, National Institute of Corrections, collect and disseminate information regarding the operation of the programs. (See p. 49.)

Agency Comments and GAO's Evaluation

The Department stated that GAO's report accurately describes the difficulties in operating industries within State prisons and provides an accurate assessment of the accomplishments of the Free Venture Program. The Department also agreed with GAO's conclusions that the Prison Industry Enhancement Program is too new to permit meaningful assessment. (See p. 49.)

The Department provided informative comments on its intentions for the two programs but did not comment specifically on whether it intended to submit its plans to the Congress as GAO recommends. Because of the innovative nature of these programs, the level of congressional interest, and the uncertainty of future sponsorship, GAO continues to believe the Department should submit its plans to the Congress.



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ABBREVIATIONS

ACA	American Correctional Association
GAO	General Accounting Office
GSA	General Services Administration
LEAA	Law Enforcement Assistance Administration
NIC	National Institute of Corrections

CHAPTER 1

INTRODUCTION

As of June 30, 1981, nearly 350,000 inmates were incarcerated--about 26,000 in Federal and over 323,000 in State correctional institutions. This represents an increase of about 55 percent since January 1, 1975 (see app. I). To incarcerate these inmates the Department of Justice's (Department) Bureau of Prisons (Bureau) operates 43 correctional institutions, and the States operate over 500. The Department estimates that fiscal year 1979 corrections costs amounted to \$354 million for the Federal Government and about \$3.5 billion for the States. Annual costs to hold one adult offender within the Federal system increased from \$2,600 in 1965 to over \$12,500 in 1980 (see app. II). Some States now spend more than \$20,000 annually to incarcerate one inmate. These escalating corrections costs present serious challenges to all levels of government.

To minimize inmate idleness and better prepare them for jobs after release, Federal and State correctional institutions provide a variety of work opportunities. In Federal institutions, these generally consist of institutional work (such as food preparation and mechanical maintenance) or industrial work--commonly referred to as prison industries. ^{1/} Some State institutions provide the same types of work opportunities.

Those familiar with corrections generally agree that providing work opportunities to inmates is desirable, but implementation is often difficult. Many inmates are not motivated to work. Also, work programs are frequently interrupted by institutional requirements such as security counts, counseling, and visitation. Industrial work programs are somewhat restricted by concern over competition with the private sector. Difficult as these problems may be, they must be recognized and dealt with by the Congress, the Administration, State, and local governments, and private enterprise if correctional work programs are going to (1) reduce inmate idleness, (2) return inmates to society significantly better prepared for employment than when they were incarcerated, and (3) realize their potential for reducing rapidly increasing correctional costs.

WHY SHOULD CORRECTIONAL INSTITUTIONS PROVIDE INMATES WORK OPPORTUNITIES?

Traditionally, correctional institutions at all levels have suffered pervasive inmate idleness resulting from a lack of work

^{1/}When unmodified, "industries," "industry" and "industrial" refer to prison industry work programs.

opportunities. Corrections officials believe that extensive inmate idleness can lead to destructive behavior and increase violence within institutions. Moreover, idleness does little to prepare inmates for re-entry into society. Furthermore, by not productively employing inmates, correctional institutions forego good opportunities to reduce their steadily increasing operating costs.

As early as 1930, the Congress recognized the severity of inmate idleness and directly associated idleness with criminal activity. It enacted legislation that year requiring Federal correctional institutions to offer all able-bodied inmates employment opportunities which would increase their potential for employment upon release from prison. Additional legislation (18 U.S.C. 4121 et seq.) was passed in 1934, creating the Federal Prison Industries (Corporation), to provide inmates the knowledge and skills needed for outside employment. The Corporation currently employs about 23 percent of all Federal inmates.

Effective employment of inmates still concerns the Congress. Section 10 of Public Law 95-624 (92 Stat. 3464), authorizing the Department's fiscal year 1979 appropriation, required the Department to examine the possibility of employing more Federal inmates in prison industries.

The importance of providing all inmates meaningful work has also been recognized by the American Correctional Association (ACA) and the Attorney General. In response to the widespread concern over the quality and effectiveness of the Nation's correctional system, the ACA and the Department have both issued comprehensive standards, largely similar in content, for inmate work programs. Among other things, both organizations' standards state that correctional work programs should ensure that:

- All inmates have the opportunity to work.
- Inmate work assignments provide experience useful in the current job market.
- Where possible, the inmate workday approximates the workday in the outside community.
- The advice and assistance of labor, business, and industrial organizations are sought and used.

Additional standards dealing specifically with prison industries were being field tested by ACA at the time of our fieldwork. The Bureau has agreed with both the ACA and the Department standards and is attempting to meet them: 13 of the 43 Federal correctional institutions have been certified as meeting the standards. The Bureau plans to have the remaining institutions certified by the

end of fiscal year 1984. When the Department issued its standards in December 1980, the Attorney General required the Bureau to provide a comprehensive plan listing each standard not currently met and the resources and time necessary to meet that standard.

In recent years, some Federal courts have also stressed the importance of meaningful work for inmates. In some instances, the courts have required State correctional systems to provide inmates more diverse, realistic work to reduce idleness and increase their chances for employment upon release. For example, a Federal court order requires Colorado to provide, with some exceptions, full 8-hour workdays for all inmates.

FEDERAL INMATE WORK PROGRAMS

Under Bureau policies, all Federal inmates must be assigned to work details or other structured activities, such as education or vocational training programs, which occupy their time approximately 8 hours a day. The Bureau recognizes that occupying inmates full-time with employment and training similar to private sector activities reduces prison idleness and its problems as well as increases inmates' chances of successful employment upon release.

Employment opportunities in Federal institutions range from modern industrial work programs to unskilled "make-work" details. The largest single group of inmates are generally assigned to institutional work programs--activities like preparing and serving food, cleaning dormitories, landscaping, and performing heating, plumbing, and electrical repairs. Since operating and maintaining the institution is generally the foremost concern of institution officials, they often assign institutional work a higher priority than other work programs.

The other major work opportunity for inmates is prison industries. For many, prison industries are their only preparation for outside employment. Perhaps more so than any other corrections program, prison industries attempt to emulate situations and experiences of the private sector. In many ways prison industries' production of textiles, furniture, electronic, metal, and other products (see app. III) parallels private industrial operations. In addition to being financially self-sufficient, prison industries furnish financial support to inmates assigned to institutional work programs and enrolled in formal training programs (see app. IV).

FEDERAL EFFORTS TO IMPROVE STATE PRISON INDUSTRIES

Only about 10 percent of the inmates in State correctional institutions are employed in prison industries. State prison industries have been characterized by short workdays, low inmate wages

and productivity, overstaffing of shops, and limited product markets. Because of these and other factors, it is questionable whether inmates have been taught skills and work habits relevant to private employment.

The Federal Government has made two recent efforts to help States operate more efficient, effective prison industries. The Free Venture Program, begun in 1975 and sponsored by the Department's Law Enforcement Assistance Administration (LEAA), has provided seven States about \$3.5 million to operate demonstration prison industries that more closely resemble private industry. Federal funding for the Free Venture States expires in fiscal year 1982.

The Prison Industry Enhancement Program, established by Section 827 of the Justice System Improvement Act of 1979 (P.L. 96-157, 93 Stat. 1167, 1215) and administered by LEAA, is viewed as an extension of the Free Venture Program. By exempting certain State products from Federal restrictions on interstate marketing, it seeks to provide a more realistic work environment which offers marketable job skills.

OBJECTIVES, SCOPE, AND METHODOLOGY

We sought to identify the availability of Federal inmate work opportunities and to evaluate their use in terms of (1) reducing inmate idleness, (2) providing work experiences that will help inmates obtain employment upon release, and (3) reducing correctional costs. We also wanted to determine (1) the results of the Free Venture Program, which provides States Federal funds to operate financially viable prison industries that closely resemble private businesses, and (2) the potential of the Prison Industry Enhancement Program to expand markets for State prison products.

From March 1980 through January 1981, we conducted fieldwork at Bureau headquarters, Washington, D.C., and at Federal correctional institutions at Butner, North Carolina; Petersburg, Virginia; Lompoc and Terminal Island, California; Sandstone, Minnesota; Oxford, Wisconsin; and Leavenworth, Kansas. We also contacted five Federal agencies to gauge their potential for purchasing more prison industry products. Two of these--the General Services Administration and the U.S. Postal Service--were selected because they are two of the three largest Corporation customers. The other three agencies--the U.S. Customs Service, the Immigration and Naturalization Service, and the Veterans Administration--were selected at random.

We reviewed Federal efforts to assist States at LEAA headquarters in Washington, D.C., and at departments of corrections and institutions in selected States participating in the Free Venture Program--Colorado, Minnesota, Illinois, and Iowa. We also visited three States--North Carolina, California, and Kansas--which were not participating in the Free Venture Program.

Our selection of the seven Federal correctional institutions was based on the need to cover (1) factories operated by all of the Corporation's Product Divisions; (2) different security levels; (3) various population sizes; and (4) institutions under various Bureau regional offices. In all, these institutions operated 18 of the Corporation's 82 shops and factories, included medium and maximum security levels, had from 335 to 1,069 inmates, and were located in four of the five Bureau regions. We did not visit one institution initially selected because of an inmate work stoppage.

The Free Venture States were selected to cover a variety of industries and work histories; the four States visited operated 15 of the 24 industries in the program. As of January 31, 1981, they had been operating from 28 to 49 months. We also visited 3 of the 43 nonparticipating States. California and North Carolina were selected because of their large inmate populations, and Kansas was selected because of its use of private industry in providing inmate work opportunities. In these States, we generally limited our discussions to (1) major problems confronting the States; (2) their view of the Federal Government's role regarding State prison industries; (3) innovative approaches to traditional industry problems; and (4) potential benefits and problems they foresee in implementing the Prison Industry Enhancement Program.

Though the activities we chose to review were not statistically selected, we discussed our selection with Bureau officials to ensure that our selection was representative of Bureau operations. They suggested we also include a camp and an institution for females. We visited a camp but did not visit a female institution. We recently visited institutions for females ^{1/} and reported that there were limited work opportunities available for inmates.

In addition to interviewing correctional officials and inmates, we reviewed agency instructions, grant applications, staffing and productivity reports, and financial records to obtain information on inmate work program policies, procedures, and practices. We also searched the literature extensively, reviewed Federal and State legislation regarding inmate work programs, discussed with internal audit staffs their work on inmate work programs, and reviewed their reports.

This review was performed in accordance with GAO's current "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions."

^{1/}Two GAO reports resulted from this review: "Female Offenders: Who Are They and What Are the Problems Confronting Them?" (GGD-79-73, Aug. 23, 1979) and "Women in Prison: Inequitable Treatment Requires Action" (GGD-81-6, Dec. 10, 1980).

CHAPTER 2

MORE EFFICIENT USE OF FEDERAL INMATES IN

INSTITUTIONAL WORK PROGRAMS OFFERS MANY BENEFITS

To minimize inmate idleness, increase inmates' chances of employment upon release, and reduce correctional costs, it is important that inmates be involved fulltime in productive employment. The Bureau, recognizing the importance of these objectives, requires that all inmates be assigned to some structured activity. A Bureau official estimated that about 60 percent of all Federal inmates are assigned to tasks needed to operate and maintain institutions.

The Bureau does not ensure that institutional work programs employ only the minimum number of inmates needed to perform the tasks. In many instances, more inmates are assigned than are necessary. As a result, inmates are not fully employed throughout the normal workday, hindering the Bureau's efforts to teach inmates good work habits and responsibility. Also, overassignments reduce manpower pools available for the often understaffed industrial assignments. (Understaffing of prison industries is discussed in greater detail in ch. 3.)

Although the Bureau and its institutions are aware that opportunities exist to perform institutional work with fewer inmates, little has been done to correct the situation. The Bureau feels that overstaffing of some assignments is necessary in order to assign all available inmates to some structured program. We recognize that it is more beneficial to assign inmates to structured activities than to leave them totally idle. However, the extent of overassignments could possibly be reduced if the Bureau (1) had more realistic data on the number of inmates needed to efficiently staff institutional programs and (2) attempted to employ inmates in excess of institutional staffing requirements in other work programs such as prison industries.

INSTITUTIONAL WORK PROGRAMS ARE NECESSARY AND HAVE HIGH-PRIORITY STAFFING

The day-to-day operations of Federal correctional institutions require many housekeeping and maintenance activities. To minimize the cost, inmates are used to accomplish many of these tasks. Under the supervision of Bureau staff, inmates prepare food, clean dormitories, and repair heating, plumbing, and electrical systems. Inmates assigned to institutional work programs are paid nominal wages, depending on the inmate's participation and performance. Performance pay may be as high as \$75 per month but is generally expected to be far less.

Individual institutions decide the number of inmates authorized and assigned to work programs. Institutional officials informed us that operating and maintaining the prison is their first concern. Consequently, institutions generally assign higher staffing priority to such work programs than to prison industries or other programs. In some places, inmates are assigned to institutional work programs during their first 30 to 90 days at the institution.

MORE INMATES THAN NECESSARY ARE ASSIGNED TO INSTITUTIONAL WORK PROGRAMS

The Bureau's policy of assigning all able-bodied inmates to some structured activity, coupled with a lack of meaningful staffing criteria, has resulted in more inmates than necessary being assigned to institutional work programs. Many inmates in such programs do not have enough work to keep them reasonably busy during a normal workday. Frequently, they can complete their work in 2 or 3 hours and spend the rest of the day either in their quarters or on the job but not doing meaningful work. Sometimes the number of inmates assigned to particular details surpasses the staffing levels authorized for the details. Such overassignments prevent inmates from receiving benefits of structured activities for 8 hours a day.

Lack of staffing criteria results in overstaffing of institutional work programs

The Bureau has no consistent criteria or methodology for determining the number of inmates that institutional work programs need. Basically, each institution's program supervisor decides the number of inmates needed. In many cases, however, this number exceeds the number needed to do the work. The number assigned is based on such factors as (1) historical staffing patterns, (2) a proportionate share of inmates in excess of authorized levels for the entire institution, and (3) the number of inmates needed to support supervisory pay grades. Furthermore, neither Bureau headquarters nor individual institutions monitor staffing levels to ensure that inmates are efficiently employed. Bureau officials told us that institutional staffing levels will be examined as part of a study of inmate performance pay.

In 1979, a Bureau task force reported that since the implementation of mandatory inmate employment, there has not been sufficient work to provide all inmates meaningful, productive, and fulltime employment. Over the years, supervisors have requested staffing levels based on periodic peak workloads, rather than on actual needs. This practice appears to have contributed to overstaffing of institutional work programs and inmate idleness. Bureau mechanical services supervisors at three institutions told us

that their civilian shop supervisors could not maintain their current pay grades unless they had at least 3 to 5 inmates assigned.

Bureau studies show that
institutional work programs
need fewer inmates

The Department of Justice Appropriation Authorization Act for fiscal year 1979 (P.L. 95-624, § 10, 92 STAT. 3464) required the Attorney General to study the options for employing more inmates in prison industries to reduce idleness. In an August 1979 report, the Attorney General announced the establishment of a continuing study of inmate staffing levels. The study is to identify ways to reduce the numbers of inmates on institutional work programs, thus increasing the numbers available for work in prison industries. Lacking uniform staffing criteria, the Bureau requested each correctional institution to report any reductions possible in the number of inmates assigned to institutional work. The Bureau reviewed these estimates and reported to the Congress that the number of inmates assigned to institutional work programs could perhaps be reduced by 10 percent.

The Bureau subsequently requested the institutions to restudy their work program assignments and adjust the number of inmates to a realistic minimum. The Bureau directed that such reassessments assume a 7-1/2 hour work day for inmates assigned to institutional work programs. Many institutions responded that they could reduce the number of inmates assigned and thus increase the numbers available for prison industries. For example:

- Memphis indicated that it could increase the percentage of its inmate population assigned to prison industries from 26 to 47 percent. This would mean that an additional 90 inmates could be assigned to prison industries.
- Butner reported that it could increase the percentage of its inmate population assigned to industry from 23 to 30 percent, an addition of 12 inmates to industries.
- Fort Worth indicated it could double the percentage of its inmate population assigned to industries, which would result in 67 additional inmates for industry.

Individual correctional institution
studies show fewer inmates needed
for institutional work programs

Some correctional institutions have made studies to determine whether their work programs can be done with fewer inmates. In some instances, these studies have led to substantial reductions in the number of inmates assigned. For example:

--After a 1979 evaluation of its food service staffing, Englewood reduced the number of inmates assigned to food service from about 80 to 35. The revision was based on a staffing standard of 8 meals served for every inmate hour expended in the work program. Englewood's food service administrator selected 8 meals instead of the 10 or 12 that would be reasonable in private food service because of corrections' unique constraints-- limited inmate skill and experience levels, and the absence of reliable part-time help. The Bureau's Food Service Administrator stated that Englewood's plan is very workable and noted that, while one standard may not be suitable for all institutions, slight variations of the plan could be applicable to other Bureau food services.

--In 1979, Oxford applied Englewood's staffing standards to its own food service and reduced the number of inmates authorized from 79 to 47. Accordingly, the number of inmates actually assigned decreased from 90 to 55. The institution also increased the hourly pay rate for food service workers by \$.05 as an incentive to attract and keep the more motivated inmates.

--In 1980, Petersburg nearly tripled the wages of inmates working in its food services while concurrently reducing the number of assigned inmates from between 70 and 75 to 58.

Until the Bureau devises consistent criteria or methodology for determining institutional staffing levels, it is especially important that the results of such studies be disseminated to all Federal correctional institutions.

Further opportunities exist
to perform institutional
work with fewer inmates

In our visits to institutions and discussions with officials and inmates, we found numerous instances where more inmates were assigned to work programs than were necessary. Some of the more substantial excesses follow:

--The food service at one institution was authorized 131 inmates, yet institution officials estimated that the work could be effectively performed with about 75 inmates, or 56 fewer than authorized.

--The mechanical services chief of the same institution estimated that the authorized number of inmates was about 46 more than necessary to operate his department at maximum capacity.

- At another institution, inmates assigned to landscaping told us the work could be done with about half the number of inmates authorized. At the time of our visit, there were 12 inmates authorized.
- Officials at several institutions told us that inmates assigned to unit-orderly work programs are not fully utilized. At one institution, 11 inmates were assigned to selected orderly duties. Their supervisor told us they worked from 2 to 4 hours a day. One of the inmates said that he did not work even 1 hour a day and that others worked only about an hour.
- During four separate tours of the mechanical services facilities at an institution, we observed 49 inmates out of 111 assigned (or 44 percent) who were not working; 19 were either sleeping or reading newspapers and magazines. In one shop, we found 5 inmates either sleeping or reading; an hour and a half later, the same 5 inmates were still sleeping or reading. The mechanical services chief stated that he is satisfied if inmates assigned to his areas are productively employed for 5 hours a day.
- In interviews with 7 inmates at another institution, only 2 said they were generally busy during the entire day. The others said they were busy only 3 to 6 hours a workday.

We also found that the number of inmates assigned to institutional work often exceeded authorizations. The number of inmates assigned appeared to have been influenced more by fluctuations in total institutional populations than by authorized levels or actual work needs. At times of increased inmate populations, officials assign excessive numbers of inmates to these work programs. Some examples of the assignments exceeding authorized levels follow.

- Custodial services at one institution were authorized 29 inmates but had 39 assigned.
- Food services at the institution had authorization for 64 inmates, but 79 were assigned. Similarly, the landscape program was authorized 12 inmates but had 21 assigned.
- The unit orderly program at another institution was authorized 100 positions but 125 inmates were assigned.

UNDERUTILIZATION OF INMATES
CAUSES SEVERAL PROBLEMS

Assigning more inmates than needed to institutional work programs has led to underutilization of inmate labor, which hinders in a number of ways the Bureau's efforts to operate efficient, effective, and economical programs. Some of these negative effects are increased idleness, inadequate training for postrelease employment, and reduced manpower for prison industries.

Overassignment to institutional work programs
creates idleness

Since its inception, an essential goal of the Bureau has been the elimination of pervasive idleness among inmates. According to Bureau officials, idleness can contribute to destructive and violent behavior. However, as discussed on pages 7 to 10, current practices for assigning inmates to institutional work programs have resulted in overstuffed programs and contributed to the idleness of inmates. Yet, the Bureau cannot gauge the true extent of inmate idleness because it has not determined the number of inmates needed to perform institutional work efficiently and because some institutions keep no records of the hours inmates work.

Assigning more inmates
than needed does not
improve inmate skills

According to available studies and Bureau officials, many inmates incarcerated in Federal correctional institutions have never been able to hold a job in society because they lack job skills and/or good work habits. It is Bureau policy, therefore, that inmates shall be given the opportunity to participate in programs so they can acquire job skills and work habits that will improve their postrelease adjustment. A prior GAO report ^{1/} showed that institutional work generally did not provide inmates the technical job skills that would significantly improve their chances of successful postrelease employment. Bureau officials confirmed that essentially the same conditions still exist.

Bureau and institutional officials emphasized that many work programs seek to teach inmates good work habits rather than specific job skills. Despite this goal, we found that many inmates in such programs experience a work environment unlike the private sector. Those assigned to institutional work, particularly landscaping and orderly duties, do not work a full day, sometimes spending only half a day or less on the job. Underuse of inmates

^{1/}"Correctional Institutions Can Do More To Improve the Employability of Offenders" (GGD-79-13, Feb. 6, 1979).

does not further the development of their technical skills and creates a work environment unrepresentative of that which inmates will encounter upon release.

A number of factors impede effective training. For example, many inmates do not want to work a full day, learn a skill, or acquire good work habits. These inmates gravitate to institutional work, where the pressure to produce is less than that of such programs as prison industries. The constraints of a correctional setting also impair inmate utilization. For example, the workday is frequently interrupted by family or other visits, counseling sessions, and security counts. Also, inmates are prohibited from working in some areas and from using certain dangerous tools without being assisted by a supervisor.

The actual number of inmates that could be made available for prison industries if more efficient staffing of institutional work were achieved is not known. According to Bureau officials, their preliminary (1979) estimate of a 10-percent reduction in inmates assigned to institutional work programs may not be realistic because of changes in the prison population and closing and opening institutions. However, the Bureau still does not know the minimum number of inmates needed to carry out institutional work programs. On the basis of the limited studies done by the Bureau, evaluations by individual correctional institutions, comments by institutional officials, and our own observations, we believe that a significant number of inmates could be made available for other assignments, such as prison industries. Bureau officials have said that prison industries can employ all inmates made available and that profits would increase by about \$2,800 per year for each additional inmate employed.

As discussed in the following chapter, we found that prison industries are often required to operate their factories with fewer inmates than needed to achieve optimal production levels. This sometimes occurs at the same correctional institution where more inmates than authorized have been assigned to institutional work programs. For example, at the time of our visit, Petersburg food services had 15 inmates more than the authorized level, while its prison industries were short 29 inmates. Similarly, at Lompoc, 47 more inmates were assigned to institutional work programs than authorized, but prison industries lacked 83 of their 472 authorized inmates.

CONCLUSIONS

Institutional work programs at correctional facilities are frequently overstaffed. Elimination of the overstaffing would reduce inmate idleness, provide work experiences that more closely resemble outside employment, and free more inmates for prison industries, which would increase industry profits.

Although Bureau officials recognize that some institutional work programs are overstuffed, little progress has been made in correcting the situation. Bureau management does not receive the precise, continuous information required to ensure that institutional programs operate efficiently. Among the factors contributing to overassignments of inmates in institutional work programs are the lack of criteria, or even guidance, for appropriate staffing levels, and the relatively high priorities assigned to these duties by institution officials.

RECOMMENDATIONS

We recommend that the Attorney General require the Director, Bureau of Prisons to:

- Develop inmate staffing criteria for major institutional work programs based on inmates being involved in full time, productive employment.
- Monitor inmate assignments to institutional work to ensure that such assignments are in accordance with staffing criteria.
- Disseminate the results of studies on more efficient utilization of inmates on institutional work programs to all correctional institutions.

AGENCY COMMENTS AND OUR EVALUATION

The Department of Justice commented on a draft of this report by letter dated March 5, 1982. (See app. VII.) In its general comments the Department stated that the report did not give sufficient consideration to the realities of correctional management and the Department's professional expertise.

In this regard, the Department stated that the Bureau of Prisons has long and successfully operated with the philosophy that proper inmate accountability and minimal inmate idleness are the cornerstones of a sound inmate work program. The Department further stated that although additional factors contribute to the quality of such programs, first priority must be given to providing every inmate both adequate supervision and sufficient work to stay occupied and that it did not intend to abandon this position in favor of "efficient" inmate staffing patterns.

We do not take issue with the Department's philosophy regarding inmate accountability and idleness. In fact, we have recognized at several places in the report the importance the Bureau places on effective utilization of inmates and the Bureau's policy regarding inmate idleness. Our concern is whether the Bureau

programs are effectively implemented. In that regard, we are providing the Department our insights and recommendations for improving these programs under its existing philosophy.

Furthermore, our recommendations relate to separate, but interrelated, elements of the Bureau's operations--staffing institutional work programs, defining markets for prison industry products, creating incentives for inmates to work in industries, and providing inmates marketable job skills and meaningful work experiences. All of these elements have a common denominator--utilization of inmates. Hence our concern is consistent with the Department's philosophy and, in our opinion, shows an appreciation of the realities of correctional management.

The Department also stated that we gave little attention to an uncontrollable variable which impacts directly on inmate work assignments--constantly fluctuating inmate populations. According to the Department, as population levels decrease, more efficient assignment of inmates becomes increasingly imperative. Also, when the population rises, maintaining accountability and controlling idleness must take precedence over efficient assignment of work.

We agree with the Department that fluctuating inmate populations create problems, and, as we stated in the report, corrections officials are faced with enormous challenges in trying to operate more efficient and effective work programs. We also agree that there may be times when efficient staffing cannot be achieved because it is better to assign inmates to some structured program than to leave them totally idle.

However, we do not believe that this contingency negates the need to plan for efficient inmate assignments. We believe that this condition makes it more imperative that the Bureau know how many inmates are needed to operate its institutions at different population levels so that assignments for those inmates not needed to operate the institutions can be made.

Although the Department said that many of our recommendations cannot be successfully incorporated into the correctional environment, it cited a number of actions that are either underway or planned which will help achieve most of the results we believe are needed. For example, the Department stated that a task force on inmate performance pay is currently addressing each of our recommendations for improved staffing of institutional work programs. Although the task force reported that the eight institutions that it surveyed had local staffing criteria, it is now studying a set of consistent standards for implementation at all Federal correctional institutions. The task force is also responsible for developing procedures for auditing inmate assignments at each institution to ensure compliance with systemwide staffing criteria and

for making recommendations regarding the dissemination of information on inmate work assignments. According to the Department, the task force will complete its work sometime during the spring of 1982.

We believe that the formation of the task force on inmate performance pay, which occurred after our fieldwork was completed, is a step in the right direction. We believe that its efforts, as described by the Department, will help achieve most of the needed results. Therefore, we encourage the Department to examine the final results of the task force's efforts and implement the procedures that are responsive to our recommendations.

CHAPTER 3

INCREASED BENEFITS CAN BE DERIVED

FROM FEDERAL PRISON INDUSTRIES

Prison industries were created to reduce idleness and to provide inmates with practical knowledge and skills needed to obtain employment upon their release. Prison industry products are made for use by Federal correctional institutions and for sale to other Federal departments and agencies. By law the industries must hold competition with the private sector to a minimum.

While industries have made important contributions to inmate employment and training and have provided substantial funds for other Bureau programs, opportunities exist for improving the operations in a number of respects. For the industries to reach full potential, more comprehensive and systematic processes are needed for (1) determining Federal product markets that could be supplied by industries without being overly competitive with the private sector; (2) determining the number of inmates that could be made available and effectively employed by industries; and (3) identifying improved training opportunities and other possible benefits that could result from increased emphasis on productivity and on technical job skills used in the private sector.

As discussed in chapter 2, additional inmates can be made available for employment by industries. We found that industries can effectively employ more inmates and Bureau officials said that each additional inmate employed will increase industry profits by \$2,800 a year. It appears that there is a market for more industry products without becoming unduly competitive with the private sector. In addition, we believe that inmate training opportunities would be enhanced through increased emphasis on productivity and on technical job skills relevant to the private sector.

Difficulties in working with inmates present real challenges to Bureau efforts to operate more efficient and effective industries that more closely resemble their private sector counterparts. Security requirements must always remain first priority. Moreover, many inmates possess limited job skills and poor work habits and have little incentive to work. An estimated 70 to 80 percent of all inmates lack marketable job skills when they enter correctional institutions. Also, the number of inmates available for work in industries is increasing while the number of available supervisors are declining. In spite of these difficulties, the Bureau has improved and expanded industries during recent years.

During our review, the Bureau issued a comprehensive 5-year plan for improving industries marketing, sales, profits, and inmate employment and training. Effective implementation of the short- and long-range goals contained in the plan will improve many of the conditions addressed in the report.

ROLE OF FEDERAL PRISON INDUSTRIES

Federal Prison Industries was created by the Congress in 1934 as a wholly owned Government corporation (18 USC 4121 et seq.) to employ all physically fit inmates in U.S. penal and correctional institutions. The Corporation is administered by a Board of Directors that consists of representatives of (1) the Secretary of Defense; (2) the Attorney General; (3) agriculture; (4) labor; (5) retailers and consumers; and (6) industry. The Director of the Bureau serves as Commissioner of the Corporation. An Associate Commissioner, who also is an official of the Bureau, is responsible for the day-to-day operations of the industries. Legislation also requires the Board to diversify industries, insofar as is practicable, so that no single private industry shall be forced to bear an undue burden of competition from industries.

The Corporation completed its 46th year of operations in 1980, with 82 shops and factories at 34 institutions producing a wide variety of products, including shoes, clothing, metal, canvas, and electronics. (See app. III for a listing of products.) At January 31, 1981, industries had 5,558 inmates on the payroll. This represented 23 percent of the total Federal correctional institution population, 25.5 percent of the population at institutions with industries, and 30.5 percent of the available "working population."

Sales in 1980 totaled approximately \$125 million and profits totaled approximately \$12.8 million. From 1960 through 1980, sales amounted to about \$1.3 billion and profits exceeded \$200 million. From 1934 through 1970 about \$82 million in profits were returned to the U.S. Treasury. However, since 1970 about \$64 million in profits has been used to support vocational training programs and as incentive payments to inmates in institutional work programs. (See app. IV.) Corporation profits have also been used to upgrade facilities and equipment. Since its original capitalization funding, the Corporation has not received any appropriated funds.

POTENTIAL PRODUCT MARKETS NEED BETTER DEFINITION

Industries are assured of a product market when they can meet the price of private business and the date needed by the customer. Federal departments and agencies are required to get approval from industries to purchase from private businesses those products that industries sell. Bureau officials told us that ample Federal markets exist for all products that industries can produce.

To ensure that competition with the private sector is kept to a minimum, as required, industries must know the dimensions of its market and what share has or could be obtained. The data for such analyses generally have not been collected from other Federal agencies. Only where selected products are purchased predominately

by a single Federal activity can industry officials reasonably estimate industries' share of the Federal market.

Although competition with the private sector appears to influence decisions on industries' product mix, customer selection, and production levels, acceptable levels of competition have not been defined in the context of specific current or potential product lines. Although there have been few complaints received regarding competition, Bureau management and the Corporation's Board of Directors are very sensitive about competition with private business. To ensure minimum competition with the private sector, industry products and services are highly diversified. There is still a need to establish reasonable competitive levels so that industries can plan for utilization of inmates.

Although industry officials have established marketing staffs, those staffs spend much of their time answering questions and taking orders by telephone. There do not appear to be any systematic efforts to identify Federal product markets and to examine the potential of industries to meet those needs. Officials admit that their marketing practices do not provide comprehensive information on markets and acknowledged that some Federal entities may not know of industry products. Recognizing the need to improve marketing, they have included several marketing goals in their 5-year operating plan:

- Explore greater product and customer diversification.
- Explore new product areas and marketing approaches.
- Establish written guidelines for division and corporate backlogs of unfilled orders.
- Review pricing procedures after a new pricing program has been assessed for effectiveness.
- Expand employment to 31-33 percent of inmate populations at institutions with industries.

If properly implemented, these goals could improve industries' marketing effectiveness. By these or other means, industries must obtain clear, accurate knowledge of the Federal product market and that share of the market which they can reasonably supply. This information is needed to define competitive goals which, along with data on the available inmate work force, will give industries useful information for planning production. Subsequent to completion of our fieldwork, the Bureau awarded contracts to study the market potential for industry products.

Opportunities to increase industry sales

Although industry sales to correctional institutions and other Federal agencies were more than \$125 million during fiscal year 1980, opportunities exist for even greater sales. Interviews with several Federal agency officials confirmed a general satisfaction with industry products and a qualified willingness to increase purchases. Though some officials made negative comments about product quality, most are reluctant to buy more products because they believe that industries cannot produce additional products within reasonable time frames.

The opportunities for increased sales are best illustrated by two of industries' largest customers--the General Services Administration (GSA) and the U.S. Postal Service (see app. VI). GSA stocks industry products for its own use and to sell to other agencies. Industry sales of \$32.1 million to GSA in fiscal year 1980 comprised only about 8.5 percent of GSA's procurements in the 18 Federal supply classes that industries sell to GSA. A GSA procurement official told us that industries' prices are competitive and that its products are of satisfactory quality. His only concern was industries' ability to meet delivery dates, especially the furniture industries.

Although the U.S. Postal Service is not required to purchase industries' products, industries is one of its primary suppliers. As a matter of policy, the Postal Service tries to give industries all the business it can handle. It finds industries reliable and cost effective, reducing the time and money required for procurements from commercial vendors.

Although industries will supply a significant share of the Postal Service's procurements in fiscal year 1981, it could greatly expand that share. For example, industries will supply less than 10 percent of the general-purpose mail containers. The industries had sought to supply about 10,000 such containers, but the Postal Service limited the contract to 5,000 containers (\$975,000) after reviewing the industries' production capacity.

NUMBER OF INMATES AVAILABLE FOR INDUSTRIES IS UNKNOWN

The number of available inmates and the capacity and condition of equipment and facilities are important factors in determining production levels. These factors should be matched to ensure optimum production. Yet accurate information on the number of inmates that can be made available for industrial employment is not available. As discussed earlier (ch. 2), Bureau officials realize that more inmates than needed are assigned to institutional work programs, but they do not know how many can be made available to

industries. Without reliable staffing information, industry managers cannot effectively market their products or plan for equipment and facility acquisitions.

Subsequent to completion of our fieldwork, optimal staffing levels were established for prison industries. These levels reflect full time employment based on identified work stations and utilization of all equipment and performance of all process steps at plant capacity. Prior to the availability of this information, industry supervisors requested inmates according to authorized staffing levels. Bureau and institutional officials told us that those staffing levels seldom reflected the number of inmates actually required to operate industries efficiently and effectively. Changes in inmate populations, workloads, and other factors frequently made them obsolete.

Opportunities for employing additional inmates

Each industry must compete with institutional work assignments and, to some extent, with vocational training and education programs for a share of the inmate population. The ratio of inmates working in industries to the total inmate population varies widely among institutions. At the Federal institutions we visited, the percentage of the inmate population in industries ranged from 26 percent at Butner to 46 percent at Leavenworth. Many industries had fewer inmates assigned than were authorized. In fact, at six of the seven institutions we visited, industries were staffed below authorized levels.

In several cases, officials confirmed that more inmates were needed. Managers of one industrial division estimated that they needed 150 more inmates to operate their factories at near-capacity levels. At the time of our visit, that division had more than a 1 year backlog in orders. The industry superintendent at one institution told us that insufficient numbers of inmates for industries had been a continuous problem during his 16 months as superintendent. The industry superintendent at another institution told us that additional inmates are needed for the industries to meet contracted production levels.

In responding to questions from a Senate Appropriations Subcommittee, Bureau officials stated that Federal product markets are large enough to employ any number of additional inmates. They estimated that, for each additional inmate employed, profits would increase by about \$2,800 annually.

Bureau officials told us that the greatest obstacle to increasing the number of inmates employed by industries is insufficient numbers of civilian supervisors. Although the salaries of industry personnel are paid from industry-generated revenue, industries are subject to administratively established personnel ceilings. As of November 10, 1981, industry had 827 positions established for civilian employees and 780 onboard. Industry officials

told us that, although the number of inmates available for industries is increasing because of recent increases in the prison population, the number of industry supervisors will decline because of an Office of Management and Budget imposed ceiling of 748 staff years for fiscal year 1982. Industry officials said they would therefore be unable to employ significant numbers of additional inmates in industries because of the lack of supervisors. Also, the Department, in commenting on our draft report, stated that industries' ability to absorb excess inmates is limited without additional staff to supervise them.

We believe it is important that adequate numbers of supervisors be provided to accommodate the increased numbers of inmates available for industry assignments. We see no persuasive reasoning for a personnel ceiling for industry supervisors since their salaries are paid by revenues generated from the sale of industry products. This ceiling arbitrarily restricts the numbers of inmates that can be employed by industries. Furthermore, it does not appear to be consistent with the intent of administrative personnel ceilings--which is to control or reduce expenditures of appropriated funds. Therefore, we believe that industries Board of Directors should work with the Attorney General and the Director, Office of Management and Budget, to remove the personnel ceilings for industries.

Stronger incentives may be
required to attract inmates
to industries

The Bureau allows physically and mentally fit inmates to volunteer for industry work after orientation, education, and certain institutional requirements are met. Incentives, such as preferred housing and extra financial compensation, are used to attract inmates to industries. An industry official told us that inmates who want to work in industries are generally more productive and cause fewer problems. However, since many institutional details remain overstuffed while industries need additional workers, the Bureau may be forced either to change its policy of employing only volunteers in industries, or to strengthen incentives for such work. One institution has already proposed increasing industry wages threefold as a further incentive for volunteers.

INDUSTRIES COULD BETTER
PREPARE INMATES FOR
EMPLOYMENT UPON RELEASE

As noted before, many Federal inmates lack the necessary skills and work experience to obtain and hold jobs in the private sector. For some inmates, working in industries may be their only chance of acquiring these skills and experience. In establishing industries, the Congress recognized the need to provide practical employment opportunities that would provide useful knowledge and skills. The Bureau has also recognized the need to

provide inmates realistic training as reflected in its policies. The Bureau has directed its institutions to: recruit and place inmates on industry jobs most suited to their interests and aptitudes; counsel inmates on their assignments; and promote learning through training and work assignments.

Although some inmates acquire job skills and work experience in industries that should assist in obtaining employment upon release, improvements could be made through increased emphasis on technical job skills and higher productivity. While the Bureau has stated that the legislative mandate to provide inmates maximum opportunities to acquire knowledge and skills to assist them in obtaining outside employment remains valid, many Bureau officials we talked with questioned the reasonableness of the mandate. These officials believe it is more realistic for industries to teach inmates good work habits, with job skills a byproduct. Consequently, industries place far greater emphasis on inmates developing proper work habits than on their acquiring marketable job skills. Also, since inmates assigned to industries work less than 8 hours per day and are generally not subjected to rigid productivity standards, questions arise as to whether inmates are exposed to work environments similar to those of the private sector.

Prior studies have documented
problems with inmate training
opportunities

Over the years, numerous studies have pointed out obstacles to providing inmates useful job skills and experience. A 1974 study of State and Federal industries by the Battelle-Columbus Laboratories found that the available job training had limited applicability to private employment. Correctional institutions wardens interviewed in the study estimated that only 34 percent of the participating inmates would acquire job skills sufficient to obtain steady employment upon release.

A year later, a Georgetown University study ^{1/} cited numerous factors which limit State and Federal industries' ability to provide meaningful skill training. The study pointed out that:

- Outdated equipment often obstructs postrelease success, since experience on such equipment has little or no relevance to the private sector.
- While labor intensity is not in itself indicative of poor job training, when coupled with the type of products manufactured by industries, it makes such training and experience largely irrelevant to outside employment.

^{1/}"The Role of Prison Industries Now and in the Future: A Planning Study," Institute of Criminal Law and Procedure, Georgetown University Law Center, Washington, D.C., Aug. 18, 1975.

--Short workdays and overassignment of workers reduce industry productivity and provide work experience that has little resemblance to private business. Industries experience numerous interruptions that reduce the actual workday to 4 to 6 hours. Similarly, the assignment of 2 or 3 inmates to do a one-person job provides inmates little skill and experience that equip them for private businesses.

A 1978 report prepared by the Committee on the Judiciary, U.S. House of Representatives, expressed the belief that Federal industries were not as active and effective as they could be in providing inmates marketable job skills. Upon the Committee's request, the Department studied the effectiveness of industry training. Although the Department concluded that its industries generally were providing skills for which the Department of Labor had projected increased future demand, it reported that some industries were doing little in this regard. It cited competing objectives of industries, such as financial self-sufficiency and reducing inmate idleness, as reasons for continuing these types of industries.

We reported in 1979 ^{1/} that many inmates who work in State and Federal industries work in labor-intensive operations which require no marketable skills. That report cited industry officials who said the primary emphasis was placed on operating the institutions and industries and keeping inmates busy, not on equipping them with employment skills.

Work habits emphasized
over job skills

Industries place far greater emphasis on work habits than on marketable skills. Industry officials told us that some industrial jobs provide inmates skills relevant to private employment. For example, the quality control positions and some of the more technical industries, such as data graphics and electronics, are more likely to provide job skills transferrable to private employment. Many other jobs, especially those in the textile, shoe, and brush industries, offer inmates few--if any--job skills that are of use in private business. Many inmates also told us that their industry assignments would probably not help them get employment when released.

Some industry officials consider unreasonable the legislative mandate to provide opportunities to inmates to acquire job skills that will provide them a means to obtain a livelihood upon release.

^{1/}"Correctional Institutions Can Do More To Improve the Employability of Offenders" (GGD 79-13, Feb. 6, 1979).

Reasons cited were (1) the low technology and labor-intensive nature of industries; (2) the low skill level of many inmates, and (3) the lack of motivation among inmates. Many believe that industries' objective should be to teach inmates good work habits. They insist that these habits are necessary to obtain and keep a job, and that specific skills are secondary.

In support of this position, Bureau officials cited a July 1980 study of 10 companies in the Philadelphia area. The study found that these companies greatly emphasized good work habits for its employees. The study concluded that most companies do not need persons with special skills because nearly all the workers start at entry-level positions and are trained on the job. The basic requirement for employment would be a satisfactory job history, including a successful demonstration of one's ability to (1) follow directions, (2) be punctual, (3) keep absenteeism low, (4) show initiative toward the job, and (5) get along with fellow workers.

However, in our review of the study, we noted that several companies also wanted employees with certain specialized skills as well as having "work ethics." Representatives of three of the eight companies questioned said they would employ ex-offenders that possessed special skills. Such positions would include stenographers; skilled machinists; small engine, auto, and truck mechanics; data processing programmers and computer operators; digital electronic technicians; electricians; and draftsmen. Many of these skills are not taught in industries, although some may be taught in vocational training programs.

Industries do not emphasize high production levels

In order for industries to provide as realistic working experiences as possible, industries must attempt to achieve productivity levels that approach those found in the private sector. Although industry officials recognize the importance of achieving acceptable productivity levels, little has been done to establish realistic individual and industry productivity standards and to measure achievements against those standards or other indices.

Production standards are used sparingly by individual industries

Industries make limited use of production standards. Only 3 of the 19 factories we visited used any such standards.

For example, the glove industry at Sandstone measures production by the number of gloves made each day. Time and motion studies have been done for each position in the glove factory, from which daily production quotas have been established. Inmates are expected to meet these quotas in order to maintain their pay grades. Similarly, piece rate standards based on such studies are

used in five of the eight production tasks at the Butner canvas factory. A recently opened canvas factory at Petersburg also plans to implement piece-rate production standards. The woods/plastics division plans to establish unit production standards after detailed time studies are completed.

Though it may not be practical to assign production standards to every task (and perhaps to every product), we believe industries should make greater use of standards. Proper application of production standards could (1) assist in planning production and marketing, (2) serve as incentives to increase productivity, (3) provide a basis for measuring individual and industry performance, and (4) give inmates valuable experience in working toward productivity requirements of the private sector.

Bureau officials said they were looking into the potential for more use of production standards.

Productivity measurement:
a concern, but not a reality

At the time of our fieldwork, no systematic method existed to measure industry productivity, though industry officials have recognized the need for such measures. They had been using the dollar value of sales produced by each inmate as a measure but, finding that this system provided no meaningful information, most had discontinued its use. Industry officials consider productivity measurement an important part of their operations. Their 5-year plan provides for an improved method for measuring and reporting productivity.

Industries have difficulties
in emulating the work environ-
ment of the private sector

Bureau policy states that prison industries should operate in an environment that mirrors the real world, including high standards of output in terms of quality and quantity. Although industry productivity is not measured with any degree of precision, it is generally acknowledged that industries' productivity is less than that of private business. Estimates of productivity vary, but generally industries are believed to be 60 to 80 percent as productive as their private counterparts. Several industry officials expressed doubts as to whether private sector production levels can be achieved in a correctional environment.

Several factors make it difficult for industries to reach production levels of private business. One such factor is the high turnover rate of inmates. With inmates entering, transferring within, and leaving the system, some industries experience annual turnover rates in excess of 100 percent.

Institution and industry officials cited four other major obstacles to achieving higher production levels:

- Industries are labor intensive.
- Inmates do not work a full day.
- Inmates have low skill levels.
- Inmates are not motivated to work.

Although industries may not be able to achieve private business production levels, their production can be increased by reducing the severity of the obstacles. As discussed below, industry officials are addressing some of these obstacles.

Labor intensive areas

The labor intensity of industries has long been recognized as a major obstacle to increased production. Industry officials agree that labor intensity inhibits productivity, but they consider it necessary to maximize the number of inmates employed. The absence of mechanization and assembly-line industries attest to this reliance on inmate labor.

Although the Bureau's 5-year plan provides for purchasing modern machinery and equipment by 1985, the plan does not show that industries are to maximize production via the most efficient combination of equipment and labor. Instead, the plan generally leaves unchanged the labor intensity factor in order to employ as many inmates as possible.

According to prison industry officials, sales revenues can cover acquiring more modern machinery and equipment. We believe the Bureau should also consider introducing more automation to make its factories more like private industry, thus improving training and productivity of inmates. Corresponding increases in industry sales may be required to ensure that industries continue to offer maximum employment opportunities for inmates. As discussed earlier, some increases in industry sales appear to be possible.

Short workdays

Most industries neither schedule nor work full 8-hour days. A recent survey of 31 correctional institutions showed that only one schedules its industries for a full 8-hour day. The following table shows that nearly 30 percent of the institutions scheduled their industries for less than 7-hour workdays.

<u>Number of hours</u>	<u>Number of institutions</u>	<u>Percent of institutions</u>
8	1	3.0
7-3/4	5	16.0
7-1/2	10	32.0
7-1/4	4	13.0
7	2	6.5
6-3/4	3	10.0
6-1/2	4	13.0
Less than 6-1/2	<u>2</u>	<u>6.5</u>
Total	<u>31</u>	<u>100.0</u>

In commenting on our draft report, the Department stated that subsequent to completion of our fieldwork, industries were re-surveyed regarding their work schedules. All industries responded that they scheduled at least 7-hour workdays. The Department stated that the correctional environment precludes industries from more closely approximating the 8-hour workday of most private industry.

We recognize that there are factors within the correctional environment that make it difficult to schedule a full 8-hour workday. For example, inmate counts often require all inmates to be locked in their living quarters. Also, civilian supervisors normally work 8-hour days and ideally should be present before and after inmate work hours. We commend the Bureau for increasing the length of the industries' scheduled workday to at least 7 hours. However, the Bureau should continue to monitor the length of workdays at its industries to ensure that work schedules continue to closely emulate those of the private sector.

This is especially important because other frequent interruptions shorten the workday.

--According to the industry superintendent, about 18 percent of all inmate hours at Butner are lost each month due to call-outs 1/ and other work interruptions. This time is split evenly between inmates' requests to be

1/Calling an inmate away from his work task for any of a number of reasons for a brief period.

away from their jobs and institutional demands. Many call-outs are for inmate counseling sessions associated with Butner's mental health research program.

--At Leavenworth the average amount of inmate work hours lost to interruptions during fiscal year 1980 ranged from 6.2 percent in the computer center to 12 percent in the furniture factory.

--At Oxford, about 10 percent of all industries' inmate hours during December 1980 were lost to call-outs requested by the inmates.

Bureau officials recognize the impact of such interruptions. The Associate Commissioner has directed institutions to try to use at least 90 percent of all inmate work hours productively. The Associate Commissioner has also requested that (1) wardens monitor the extent of call-outs, (2) minor medical examinations and treatments be administered at the worksite, and (3) to the extent feasible, nonwork activities be scheduled outside of work hours. Moreover, several institutions have significantly reduced the amount of nonproductive time by arranging for as many activities as possible to occur outside of industry work hours. For example, call-outs at Sandstone have been reduced from about 16 percent to about 8 percent of inmate industrial work hours. Industries at Petersburg were losing about 2 hours each time an inmate was called to a counseling session. After being encouraged by industry personnel, the case management team moved its counseling sessions to a small conference room next to the industries' work space. As a result, industries now lose only about 15 minutes per session.

The Bureau's survey of 31 correctional institutions found that the majority of industry superintendents favored eliminating, reducing, or rescheduling call-outs. They also suggested several other ways of scheduling to increase industry production: (1) increasing the length of the scheduled workday, (2) establishing strict times for starting and stopping production, and (3) coordinating lunch schedules with food services. During our visit to State prison industries, we noted another way of minimizing work interruptions. A shop in Iowa was experimenting with 10-hour workdays, 4 days a week, leaving the 5th day for activities that had previously caused work interruptions.

We believe that the Bureau has recognized the importance of increasing its industrial workday to more closely approximate that of private businesses. Furthermore, if properly implemented, we believe the Associate Commissioner's directive to use at least 90 percent of all inmate work hours productively and the industry superintendents' suggestions for increasing the length of the industrial workday will improve productivity and the training given to inmates.

Low inmate skill levels

Most inmates possess few, if any, technical job skills when they enter correctional institutions. Bureau officials blame this for much of the limited productivity of industries. The extent to which inmate skill levels affect production varies by the type of industry and the specific work tasks performed.

To some extent, the Bureau is addressing problems caused by many inmates not possessing job skills. An experimental production training program involving classroom and on-the-job training led to an expanded apprenticeship program like those of private business. During 1979 and 1980, an additional 23 apprenticeship programs were established at 10 institutions. The Bureau's 5-year plan provides for having at least one such program in each facility with industries by December 1981, and a goal of 70 such programs.

In commenting on our draft report, the Department stated that in 1983 industries will continue to provide on-the-job training to over 30 percent of the inmate population available for work. Also, a total of 80 industrial apprenticeship programs will be operational. Thus, the Bureau's goal of having one apprenticeship program at each industrial location will be achieved.

The Department also stated that a number of recommendations made by a Bureau task force on inmate education and training are being implemented. These include (1) requiring completion of adult basic education (6th grade level) as a prerequisite to employment in certain industry positions and grade levels, (2) further development of the preindustrial employment training programs, and (3) identifying and developing model vocational training programs with skill training components. The Department stated that these improvements will provide a better skilled inmate work force and will stimulate more inmates to pursue basic education, which is essential for successful community employment.

Inmates not motivated to work

Regardless of the type of work, the number of hours worked, and skills possessed, if inmates are not motivated to work, production will suffer. An official at one industry considered poor motivation at least partly responsible for inmates being productive for only about 5.5 hours a day. An official at another institution told us that inmates working in industries are productive only 80 percent of the time. He attributed this in part to low motivation. According to this official, inmates in industries sometimes feel that the institution is taking advantage of them.

Some institutions and industries use incentives to motivate inmates, including preferred housing, and pay for performance. In the Bureau's survey of 31 institutions, industry superintendents suggested that inmate wages be doubled to improve productivity.

Other obstacles to increased productivity

Industry officials also attributed low productivity to poor workmanship, large numbers of small orders, and obsolete equipment. To address the poor workmanship problem, the Bureau has requested additional personnel for quality control. To reduce the problem with small orders, one production division will begin manufacturing items for inventory on an experimental basis. The Bureau's 5-year plan provides for replacing obsolete equipment with modern machinery and equipment by 1985.

Efforts to improve training effectiveness

The Bureau recognizes that certain improvements can be made in training inmates within an industrial setting. For example, industry officials acknowledge that operating industries that require job skills more comparable to private business would improve training. A business advisory council, including representatives from private industry, has been established at Danbury. The purpose of the council is to advise prison industry officials on ways of improving their operations, including recommendations for making training opportunities more relevant to private employment. Similar advisory councils are being considered for other institutions. As previously discussed, a concerted effort is also underway to expand formal training programs within industries. Apprenticeship programs recognized by private business are now being established. Also, the Bureau recently began a program whereby inmates are taught certain job skills through vocational training programs prior to working in prison industries.

In response to our draft report, the Department stated that the Bureau has taken a number of steps to improve inmate training opportunities. In its 1983 budget request, the Bureau has asked that industry supported vocational training be increased from about \$2.9 million to about \$5.9 million. If approved, this will enable the Bureau to improve existing programs and to initiate several new programs. A major initiative planned includes contracting with accredited educational institutions and private organizations for development of several comprehensive employment programs. Each program will include vocational assessments and screening, counseling, skill training, work experience, and placement assistance upon release. Although our review was limited to training opportunities afforded by institutional and industrial work programs, we recognize that improved and expanded vocational training will enhance skill training opportunities for inmates in general.

The Attorney General, in providing the Department guidance for formulating the fiscal year 1982 budget, directed establishment of a system to measure the effectiveness of industry training and stated that those industries providing no meaningful job skills should be phased out.

CONCLUSIONS

Difficulties in working with inmates present significant challenges to the Bureau in operating prison industries. Many inmates possess few job skills and are not motivated to work. Also, security requirements restrict industry operations in a number of ways. In spite of these conditions, prison industries have made important contributions to inmate employment and training and have provided substantial funds for Bureau programs. Moreover, the Bureau's 5-year plan for improving industries should result in even greater contributions.

We believe that industries can provide additional benefits through employing more inmates, expanding production, and increasing emphasis on job skills and work experience that are more relevant to those found in the private sector. Industries' concern over competition with the private sector is legitimate. Although few complaints have been registered over industries' competition with the private sector, industries have provided little guidance to program officials on what would constitute an acceptable level of competition in the context of specific product markets. This type of guidance would seem necessary if industries are to effectively carry out their objectives to provide inmates maximum opportunities to acquire marketable skills and knowledge while not unduly competing with private industry. It appears that there is a market for more industry products without becoming unduly competitive with the private sector.

While industry employs about 23 percent of the Bureau's inmate population, additional inmates can be made available and effectively employed by industry. However, additional incentives may be necessary to attract inmates under the Bureau's policy of staffing industries with volunteers. Also, sufficient numbers of civilian supervisors must be available to supervise the increased numbers of inmates available for industry employment. Administratively established personnel ceilings unnecessarily limit the numbers of inmates that can be employed by industries. Personnel ceilings appear inappropriate for industries since supervisors are paid from revenues generated from industry sales.

Although some inmates acquire job skills and experiences that should be helpful in obtaining employment after release, often industries do not provide inmates with job skills or work experiences like those found in the private sector. The Bureau's tendency to emphasize good work habits rather than a combination of good work habits and job skills and the fact that industries work fewer hours and are less productive than private businesses are major contributors to this condition.

RECOMMENDATIONS

We recommend that the Board of Directors of Federal Prison Industries work with the Attorney General and the Commissioner of Federal Prison Industries to:

- Provide guidance on the Federal product market that can appropriately be supplied by industries without overly competing with private industry.
- Develop additional incentives to attract to industries as many inmates as possible who are not required for institutional work.
- Improve inmate training opportunities through increased emphasis on job skills relevant to those needed for employment in the private sector and by requiring inmate work schedules and productivity levels to more closely emulate those found in the private sector.

We also recommend that the Board of Directors of Federal Prison Industries work with the Attorney General and the Director, Office of Management and Budget, to remove constraints on supervisory personnel ceilings for Federal Prison Industries.

AGENCY COMMENTS AND OUR EVALUATION

In commenting on our report, the Department stated that our basic presumption is that more efficient work assignments could be achieved by merely transferring all inmates not needed for other assignments to industries. The Department said that this is simply not practical and that inmate workers, particularly in an industrial setting, require close and constant supervision. The Department also stated that industries are operating at more than 90 percent of their optimal inmate staffing levels and their ability to absorb additional inmates is limited.

We did not intend to imply that the best way to achieve more efficient inmate work assignments is to merely transfer excess inmates to industries. The issues that need to be dealt with are much deeper and the solutions are harder to reach. We recognize that sufficient numbers of meaningful industrial jobs cannot always be made available to all inmates who want them, especially during periods when inmate populations are increasing. Also, some inmates are not sufficiently motivated for industrial work, while others lack the mental or physical capacities for successful industrial employment. Although not needed for institutional work, it is likely that some inmates will continue to be assigned to these programs to prevent them from being totally idle.

To go a step further, the ability of industries to absorb additional inmates depends on several factors--the demand for industries' products, the capacity of industries to produce, the

availability of Bureau staff to supervise inmates, and the ability of industries to expand product markets within the "unduly competitive" constraints of the law. This report deals with all of these elements. They cannot be considered in a vacuum--each is interdependent on the other and a change in one will affect the others. A problem solved or a policy change in one element will require that attention be given to another. To make significant improvements in the utilization and training of inmates to benefit both correctional institutions and inmates will require action on all elements. However, actions must be correlated and represent a systematic approach to viewing the entire chain--from industry markets to staffing institutional work programs.

Our recommendations for developing staffing criteria for major institutional work programs (see p. 13) and our recommendations for improving industry operations are interdependent. The Department informed us that it is developing Bureau-wide staffing criteria for determining the number of inmates needed for institutional work programs. Once the number of inmates needed for institutional work programs is known, the Bureau can then determine the number of inmates, on the basis of various population levels, that would be available for industrial work program assignments. This information combined with potential sales data will enable management to plan for plant capacity and other resources needed for efficient and effective inmate utilization.

We recognize that the Bureau does not control the number of inmates it will have. But we believe improved planning will permit the Bureau to achieve more efficient inmate assignments which will reduce idleness and create a work environment more like that inmates will encounter when they return to the private sector. Also, additional profits should result which can be used to further improve industry operations.

In commenting on our recommendations, the Department stated that it had taken or had underway several actions. We believe these actions, when complete, should help to solve the problems discussed in our report. First, regarding our recommendation that guidance be developed on Federal product markets that can be supplied by industries without being overly competitive with private industry, the Department stated that it is sensitive to avoiding competition with private industry and has several actions underway with private industry involvement to improve prison industries' operations. (See p. 30.) The Department also stated that identification of new product markets is an ongoing activity of industries' management and that the Bureau plans to award a contract in March 1982 to identify and develop new market products and strategies.

Regarding our recommendation on incentives for attracting inmates to industries, the Department stated that about 33 percent of the working population was employed by industries and it believed the high level of employment strongly suggested that

current incentives are adequate to attract available inmates to industries. Incentives currently used include (a) industrial good time of up to 5 days a month off sentence, (b) higher earnings than in other institutional programs, (c) earned vacations and longevity pay, (d) opportunities to learn skills needed in private industry, and (e) the opportunity to engage in productive activity and to learn sound work habits consistent with the requirements of private industry.

We do not agree that the current incentives are adequate. During our fieldwork we noted several instances (see p. 12) where industries needed inmate workers while at the same institutions there was overstaffing in the institutional work programs. Furthermore, the correctional facilities' populations are increasing and the establishment of systemwide staffing standards for institutional work programs should result in additional inmates being available for industrial work programs. Thus, we believe the Bureau should give further consideration to development of additional incentives to use under various population levels. In this connection, the Department said a task force on Inmate Performance Pay is expected to suggest additional ways to stimulate greater inmate participation in industries.

Regarding our recommendation on improving inmate training opportunities, work schedules, and productivity levels as they relate to work in the private sector, the Department concluded that generally industries are providing inmates with opportunities to acquire skills necessary for private employment. The Department stated that information on specific job skills learned in industries is currently being updated and that this information will be compared with the Department of Labor's forecast of job skills needed through 1990. The Department anticipates that the analysis will show that for a large number of industries' jobs, employment opportunities in the private sector are expected to increase significantly. Additionally, the Department expects a planned study of its marketing practices to result in an expansion of service type industries. According to the Department, data developed by the Department of Labor indicates that service industries are expected to experience the largest increase in jobs during the next several years.

In response to our concern that industries place far greater emphasis on inmates developing good work habits than on their acquiring technical job skills, the Department expressed the belief that good work habits are essential and stated that it will continue to stress their importance. The Department stated, however, that private employers also want employees with certain specialized skills and stated that industries will seek a balance between teaching specific job skills and good work habits. We agree that good work habits are essential, but we believe that marketable job skills are equally important. We believe a person with both--good work habits and marketable skills--will have a better opportunity for obtaining employment in the private sector.

The Department reiterated that improving and measuring productivity are major goals of prison industries. A revised and expanded cost accounting manual providing detailed procedures for establishing work standards is expected to be distributed shortly. The Department also stated that the industries' Board of Directors recently approved a \$5 million machinery modernization program to keep industries current with private industry. The Department said that some industries are labor intensive but stated that in these cases the objective is to employ inmates in work designed to produce goods and services in a manner similar to that done in the private sector.

CHAPTER 4

PROGRESS IN IMPROVING STATE

PRISON INDUSTRIES HAS BEEN SLOW

As a whole, State correctional systems have been far less successful than the Federal system in employing substantial percentages of inmates in prison industries. While at least 43 States and the District of Columbia operate such industries, only about 10 percent of their 271,482 inmates work in them.

The Federal Government has served as a leader for the States in this area by developing model programs, offering technical assistance, and providing funds to support State programs. Two Federal programs have been directed specifically towards making State prison industries operate as much like private industry as possible. The guiding precept of both these programs is that productive, profit oriented prison industries can provide the greatest opportunities for inmate rehabilitation, while reducing the costs of correctional programs.

One of the two programs, the Free Venture Program, was initiated in 1975. However, progress towards implementing the program's goals has been slow. The other project, the Prison Industry Enhancement Program, was authorized too recently (December 1979) to assess its results at this time. We believe it can improve State prison industries, but it must first overcome several obstacles.

STATE PRISON INDUSTRIES FACE MANY DIFFICULTIES

State prison industries have experienced many problems. Studies have shown that prison industries present an unpromising profile. The industries are characterized by

- low-skilled jobs,
- obsolete or antiquated equipment,
- labor-intensive methods,
- limited markets,
- short workdays, and
- overassignment of workers.

These conditions arise in part from limited capital, legislative restrictions, and low priorities given to profit and productivity.

We observed many of these conditions in our visits to State industries. For example, in one institution, a silk-screening process for painting highway signs was excessively staffed by seven inmates. Each inmate waited his turn to perform a minute step of the process. At another industry, the metal cutting and bending machines were outdated and lacked safety features (such as automatic cutoffs).

State prison industries generally are subject to Federal constraints that, among other matters, place prohibitions upon the interstate transportation of prison-made goods. Some States place further constraints on their industries by not requiring public agencies to purchase prison-made goods or by restricting the sale of such goods on the open market.

FEDERAL ASSISTANCE TO STATE PRISON INDUSTRIES HAS CHANGED

Federal involvement in State prison industry operations has generally consisted of placing certain restrictions on the interstate transportation of prison products. As early as 1890, Federal legislation was introduced to restrict the marketing of prison-made goods. Since that time, several Federal laws and Executive orders have, in one way or another, limited the manufacture and sale of State prison industry goods. These actions, combined with similar State moves, have had the general effect of confining sales of any prison industry product to public agencies as distinguished from sales to the private sector.

In recent years, however, the Federal Government has taken a more active role in assisting these industries, especially through LEAA's discretionary Free Venture Program and the Prison Industry Enhancement Program established by the Justice Systems Improvement Act of 1979 (P.L. 96-157). Both programs were administered by LEAA, which ceased operations on April 15, 1982. As of March 1982, these programs had not been assigned to any other Federal agency.

LIMITED PROGRESS IN ACHIEVING THE FREE VENTURE PROGRAM OBJECTIVES

The Free Venture Program was designed to turn unproductive and unprofitable State prison industries into financially viable businesses, much like those operated in the private sector, by effective application of sound business principles and practices. LEAA officials point out that Free Venture involves social change on a grand scale, a slow process that will require considerable time and effort to occur. Correctional life normally revolves around custodial concerns, while Free Venture places more emphasis on the production schedule. Correctional institutions must adapt somewhat to meet the Free Venture schedule of a full workday for inmates.

An assessment made for LEAA found that measurable achievements of the Free Venture Program were limited, with changes in traditional prison-industry methodology and attitudes occurring slowly. Concurring with that assessment, we believe that significant changes in correctional institution routines will have to be made to achieve Free Venture's goals. We do not know, however, whether the States can overcome the problems confronting them in fulfilling the program's objectives.

Purpose and development of the Free Venture Program

Free Venture sought to demonstrate that State prison industries could become profitable by operating like private industrial businesses. Although the developer (ECON, Inc.) of the Free Venture model saw inmate rehabilitation as a direct result of the program, LEAA officials have stated that inmate rehabilitation is a secondary benefit that might result from operating productive, profitable prison industries.

The program incorporates specific characteristics of private industries:

- A full workday for inmates, the length being defined by the supervisor's workday.
- Wages based on production, with differentiation among workers by skill level, and the base level of wages significantly higher than those of inmates not participating in Free Venture.
- Productivity standards comparable to those of outside industry, taking into account workers' skill and existing automation.
- Final responsibility resting with industry management for (1) hiring industrial workers, after preliminary screening of the total inmate workforce by custodial or classification staff and (2) firing workers.
- Shop operations becoming self-sufficient or profitable within a reasonable time after start-up.
- Coordination of prison industries with correctional and other agencies placing released inmates in jobs, to maximize the benefits of the prisoner's industrial experience.

To effectively implement the program, custodial staff may have to change their schedules to ensure a full workday for inmates in prison industry. This could involve altering procedures for inmate counts; changing dining schedules; rescheduling other

services (commissary, education, counseling, etc.) or providing these services at night, so industry employees can take advantage of them; and adjusting visiting hours for industrial employees' families and lawyers. Most important, traditional attitudes of correctional institution and prison industry administrators, custodial staff, industry supervisors, and inmates must change to accept that prison industries should be operated as much like private industry as possible.

Program's scope
and methodology

Free Venture began in 1975, when LEAA contracted with ECON, Inc., to develop strategies for transforming traditional prison industries into profit oriented businesses benefiting both the correctional system and participating inmates. Since that time, seven States have received approximately \$3.5 million in Federal funds to implement the Free Venture model as shown below.

<u>State</u>	<u>Amount</u>	<u>Funding period</u>
Colorado	\$ 265,901	10/01/78 - 01/06/82
Connecticut	1,026,276	1/01/77 - 02/28/82
Illinois	883,534	1/03/77 - 08/31/81
Iowa	218,303	9/14/78 - 01/31/82
Minnesota	434,987	10/01/78 - 01/20/82
South Carolina	213,981	10/01/78 - 07/27/81
Washington	<u>417,378</u>	10/01/78 - 12/31/80
Total	<u>\$3,460,360</u>	

Each State's implementation of the Free Venture model has been unique. Most States applied the model to a few existing shops within their total industry operations. On the other hand, Connecticut applied it to all its industries. Subsequently, some Connecticut shops were unable to make the transition and have either closed or transferred into the vocational program. Minnesota also took a different approach, contracting with private industry to establish several new, small shops that would perform intermediate manufacturing at its Lino Lakes facility. The program has since expanded to the Stillwater institution, and Minnesota plans to adopt the Free Venture model eventually throughout its correctional system.

Assessment of Free Venture

In 1979, the University City Science Center (Center) under LEAA contract, began assessing implementation of the Free Venture model. Center staff visited 21 shops in six of the seven participating States. In August 1980, the Center reported that Free Venture had been only partially implemented by the States. In our visits to four States and 15 shops, we also found this to be the case.

While participating States have made some progress towards implementing the Free Venture model, changes in traditional prison industry operations and attitudes have occurred slowly. The degree to which the seven States have successfully implemented the Free Venture model varies considerably, but in no instance has a State fully implemented all six program characteristics. Progress has been achieved primarily through trial and error, which requires considerable time and effort. Perhaps the greatest difficulty has been changing the attitudes of correctional institution and prison industry administrators, custodial staff, industrial supervisors, and inmates.

The most difficult and elusive goals of the program have been inmate job placement and profitability. Most States have not established a true postrelease job placement mechanism to help inmates get employment upon release. Moreover, only a few Free Venture shops have attained a self-sufficient or profitable level of operation. In its assessment, the Center stated, "From a purely economic perspective there are so many elements of the profit mechanism missing from correctional industries that implementation is at worst, infeasible, at best, elusive." The study concluded that, given this difficulty, the paramount question remains whether the purpose of prison industries should be profit, rehabilitation, or a combination of reduced idleness and cost minimization. The study suggested that these last objectives may be equal or more valid goals than profit.

We examined the degree of progress made by the States in implementing the Free Venture model, and the extent to which each model characteristic is being used effectively. Following are brief assessments of the progress in implementing each characteristic.

Full workday

Most Free Venture shops do not work full 8-hour days. Although scheduled workdays range from 6 to 8 hours, actual work times usually run somewhat less. For example, the 21 Free Venture shops surveyed by the Center averaged about 1,491 hours during fiscal year 1979. Individual shops ranged from 1,111 hours for the dental shop at Somers, Connecticut, to 1,918 hours for the print shop at Canon City, Colorado. For comparison purposes,

had a shop operated for 250 days at 8 hours a day, it would have accumulated 2,000 workhours during the year. Similar conditions existed in the Free Venture shops that we visited.

For example:

--Industries at Joliet, Illinois, are scheduled to operate 7 hours a day, 35 hours a week. According to the industries' superintendent, however, the actual workday is more likely 5-1/2 to 6 hours. He attributes the shorter workdays primarily to security counts and extended lunch periods.

--The scheduled workday for Free Venture shops at Canon City, Colorado, is 7:00 a.m. to 4:00 p.m. However, we found that the inmates generally start work around 9:00 a.m. and quit about 3:00 to 3:30 p.m. According to a shop supervisor, custodial officers often delay the inmates up to an hour for shake-downs, counts, etc. and the low motivation leads inmates to stop work early.

A number of factors cause Free Venture shops to work less than a full 8-hour day. The workday is interrupted by counseling sessions, family and lawyer visits, sick calls, security counts, or education and other programs. However, we found that some institutions have reduced the impact of these interruptions. For example:

--A full workday is a key component of Free Venture shops at Lino Lakes, Minnesota. Inmates average about 38 hours of work a week. The industrial superintendent must approve call-outs, which are minimized by scheduling visits, counseling sessions, education classes, and other programmed activities after working hours. (Doctor and dental appointments are normally the only allowed call-outs.)

--Iowa Free Venture shops are located outside the correctional institution, and the State is experimenting with a 40-hour, 4-day workweek. According to State officials, the experiment has three objectives: (1) save money in inmate transportation cost, (2) increase production, and (3) leave Fridays free for inmates to take care of institutional requirements such as counseling. Prison industry officials have found the 4-day workweek to increase productivity.

Wages based on productivity

With few exceptions, Free Venture wages are not based on productivity. Wages and salaries vary considerably among States

and institutions, with most wage plans reflecting the institution's overall practice. Some States pay a flat rate regardless of hours worked, while other States combine hourly rates and bonuses based on sales. Wage decisions are most often guided by other factors, such as past payments, inmate tolerance of differential wages, public opinion, and profitability.

We did find instances where Free Venture industries were using some productivity measure for additional wages beyond the normal hourly rates.

--Illinois' Free Venture shops have a regular hourly wage rate based on an inmate's designated skill level. The wage scale also allows the shops to pay additional wages based on both group and individual production.

--Colorado's sawmill operation has an incentive plan to compensate inmates an extra \$25 per month if the sawmill's daily production goal of 3,000 board feet is met.

Average hourly wages paid inmates working in Free Venture shops vary as much as the payment systems themselves. Of the Free Venture shops, 63 percent pay less than \$1 per hour. Hourly wages range from \$0.20 in some South Carolina shops to \$3.74 per hour in some Iowa industries. However, South Carolina supplements its hourly wages by reducing an inmate's prison term for satisfactory performance.

Real-world productivity standards

Real-world productivity standards generally have not been established and implemented by Free Venture shops. The Center's recent assessment of the program found this objective to be ambiguous but concluded that, under any interpretation, it has generally not been implemented. The study also found it nearly impossible to compare private industry and Free Venture productivity due to the limited availability of private sector standards and the scarcity of prison industry productivity records.

In our visits to Free Venture shops, we found two instances where real-world productivity standards had been attempted.

--Lino Lakes, Minnesota, has established productivity standards that, according to the industry superintendent, are comparable to those of private industry. The superintendent told us that his standards have to be equal to those of outside companies because the Free Venture's industries rely heavily on business from the private sector. Free Venture industries in Minnesota bid on commercial contracts along with private companies.

--The sawmill in Canon City, Colorado uses productivity standards based on, but not equal to, private industry standards. The sawmill supervisor, who had worked in the private sector for about 20 years, feels that a comparably sized private sawmill would saw about 5,000 board-feet per day. So, he has established standards of 3,000 board-feet for the prison sawmill. He attributes the significantly lower productivity of the prison sawmill to low inmate motivation, high turnover, and frequent interruptions.

While there are few precise measures of Free Venture industry productivity, most officials feel that their shops are not as productive as similar private industries. Of the supervisors interviewed during the Center's study, 80 percent considered their shops less productive than comparable private operations. Overwhelmingly, they cited poor worker skills as the reason for low productivity. High turnover rates among inmates also contribute significantly to lower productivity. For example, the sawmill operation in Colorado experienced a complete worker turnover in 6 months, and the furniture shops in South Carolina and Minnesota experienced a turnover rate greater than 50 percent during a 6-month period.

Hire/fire authority

Although the Free Venture model assumes a shop-level hire/fire authority, most shops appear to have little say over which inmates are hired. Inmates are generally assigned to shops when a need arises. Few mechanisms exist to identify the inmates' job skills or work habits. As a result, many shop supervisors are confronted by new workers arbitrarily assigned to their shops. Exceptions to this practice existed in two of the States we visited.

--The hiring process for Iowa industries requires inmates to make a formal application to one of three shops. The shop foreman and personnel coordinator review the application and later conduct personal interviews with the inmates.

--Similarly, Minnesota shops have an application and interview mechanism for inmates wanting to work in industry. The Lino Lakes industries normally have a backlog of around 50 inmates waiting for work. The industry director told us he had the authority to hire and fire inmates.

Shop supervisors appear to have greater authority over the firing of inmates because of the direct relationship to on-the-job performance. The Center's analysis of shop firing practices found that, while they varied among the States, most supervisors observed procedures they had used while working in private industry--a system of reprimand, letters to the file, and eventual firing. While most Free Venture shops have authority to fire inmates, few firings

have actually occurred. This may be partly due to the high turnover rate which exists in many shops. The Industries Director at Lino Lakes, Minnesota, fires very few inmates in his Free Venture industries--only about eight in the last year.

Self-sufficient/profitable operations

While most Free Venture shops do not appear to be profitable, the precise financial status of many shops is difficult to determine. The Center's study concluded that, while the financial status of many shops has improved since participation in Free Venture, less than a third of the shops were operating at a profit. The study also concluded, however, that every Free Venture State lacked one or more information components necessary to assess performance adequately. Among other things, the Center's study found that (1) productivity data either were not maintained or were collected in a manner that defied analysis, (2) financial reports were neither sufficiently detailed nor timely, and (3) the Free Venture States treated various operational costs quite differently. For example, some States excluded LEAA-funded positions from costs because the States were not charged for them, while other States included such positions since they represented a cost of production. Also, depreciation costs were charged by some States and not by others.

Limited markets for industrial products and competing industrial goals (such as providing maximum inmate employment and training opportunities) hinder Free Venture shops efforts to be self-sustaining or profitable.

Post-release job placement

Most States have devoted little planning and few resources to assist inmates in postrelease employment. While some States have certain aspects of a postrelease job placement service, the Center's study found that most States either do not know how to accomplish this, feel that it is not properly a function of prison industries, or regard it as an inappropriate use of resources during initial program development. For example, in a progress report to LEAA, Illinois officials stated:

"There is only one Free Venture concept that we feel should not be implemented by ICI [Illinois Correctional Industries]. That one is post-release placement of residents. Our position has been that this concept has no counterpart in the Free World. Also, it is inconsistent with Industries' mission in the Department of Corrections * * * "

The Director of Iowa's prison industries stated that establishment of an effective placement and followup program would

require hiring another staff member; given the funding situation for the Free Venture model, this would be impossible.

Some success in achieving this Free Venture goal has been made by Colorado through a postrelease job placement program operated by a private, nonprofit organization. The organization helps any ex-offender seeking employment in Colorado. Besides job placement, the organization provides inmates guidance to help them respond to employment ads, complete job applications, and conduct themselves during an interview. This organization assisted over 670 placements in fiscal year 1978 and more than 1,000 in fiscal year 1979.

Future of the Free Venture Program

We believe the goals of the Free Venture model are good, but the extent to which the States can overcome the problems that confront them and achieve those goals is unknown. They have made some progress, but changes to traditional correctional practices have occurred slowly. Years may pass before it is known whether the program can achieve its goals. However, time may be running out. LEAA, the program's sponsor and chief proponent, went out of existence in April 1982. LEAA has sought sponsors for the Free Venture program, but none have been found. LEAA officials believe unless another organization sponsors and supports the program, pressures within many States could force the Free Venture shops back to traditional operating modes.

If the Free Venture program is not continued, the experiences of the participants should be made available to Federal and State prison industry officials. The National Institute of Corrections (NIC) is the organization responsible for leading the development of improvements in the corrections system and would be a logical agency to collect and disseminate this information.

TOO EARLY TO ASSESS IMPACT OF PRISON INDUSTRY ENHANCEMENT PROGRAM

Passage of the 1979 Prison Industry Enhancement legislation (P.L. 96-157, 93 Stat. 1167, 1215) was seen by the Congress as a means of extending the Free Venture concept to other State prison industries. The program represents a further opportunity to move toward the Free Venture goals of creating a realistic working environment and enabling inmates to become more financially self-sufficient.

Program purpose and concept

The act authorizing the program has two main goals:

- To encourage development of pilot and demonstration projects for prison industry at the State level, involving private sector industry.

--To enhance the ability of State prison industries to market their goods by creating partial exemptions to two Federal requirements. These requirements impose certain restrictions on the interstate sale of prison-made goods to other States and to the Federal Government.

To achieve these goals, the program has four basic objectives:

1. To provide State prison industry programs a greater opportunity to expand and employ more inmates by involving private industry.
2. To ensure that expanded industry programs do not displace employed workers or impair existing contracts.
3. To prohibit prison labor exploitation by requiring (a) wage payments comparable to those paid for similar work in the local private sector, (b) that inmates not be deprived of Federal or State benefits, such as workmen's compensation, solely because of their criminal offenses, and (c) inmates' participation be voluntary.
4. To provide inmates opportunities to learn and practice marketable job skills.

The law provides that the Administrator, LEAA, can select projects in up to seven States to participate in the program based on the States' ability to comply with program requirements. LEAA has defined a project as a specific cost center. Thus, a project might be an individual shop, a product line, or an industry. Consequently, a State would not have to qualify its entire prison industries program, and the Federal exemptions would apply only to the products produced by the qualifying project. No Federal funds were authorized by the act--the incentive to participate rests with the exemptions to Federal restrictions on State prison industrial sales.

State views on the program

Although 38 States have expressed an interest in participating in the Prison Industry Enhancement Program, State correctional officials have identified a number of possible obstacles to successful implementation of the program. One of the most frequently mentioned obstacles is the requirement that participating prison industries pay inmates wages comparable to those of private employees. The inclusion of private industry might be the answer to this concern; but, for the States which attempt to implement the program without private involvement, this represents a potential problem. Many prison industries are experiencing difficulty in making a profit, even with the extremely low inmate wages now being paid.

Making a profit will become even more difficult if inmate wages are increased significantly without a corresponding increase in productivity.

Some specific comments made to us by State officials regarding inmate wages follow.

--The director of Kansas prison industries stated that prevailing wages would be an inducement for inmates to work in industry. However, paying prevailing wages could boost industry labor costs to the point where the prices for prison industry products would not be competitive.

--The chief of Iowa prison industries said that just defining prevailing wages is difficult. It is his opinion that the standard minimum wage rate, or a wage rate somewhat less than the minimum, would meet this requirement. If Iowa is selected to participate, the State is prepared to pay \$3.35 an hour to inmates working in the Prison Industry Enhancement Program.

--According to a California prison industry official, the State is not interested in the program because State legislation currently prohibits paying prevailing wages to inmates. Furthermore, paying inmates prevailing wages would result in immediate bankruptcy for California's prison industries.

States participating in the Prison Industry Enhancement Program are also required to provide inmates certain State and Federal benefits, such as workmen's compensation. Some State officials fear that this might increase operating costs and the administrative burdens of participating industries. State officials also consider other program components--withholding Federal and State taxes, social security contributions, and restitution payments--to be potential obstacles to a successful program. One State official estimated that another person would have to be hired just to handle increased administrative duties of the program.

The one component of the Prison Industry Enhancement Program which State officials consider the most beneficial is the removal of marketing restrictions on prison industry products. State officials strongly believe that increased sales will enable them to expand and improve their industries.

Progress in implementing the program

At the time of our fieldwork, LEAA was in the process of selecting the initial projects to participate in the program. Subsequently, projects in two States were certified for participation.

According to the program director, five private business firms have inquired about arranging with prison industries to use inmate labor. In addition, other business groups have expressed support of the program and have offered their help. This support is considered especially significant, since the private sector has long viewed prison industries as competitors. Furthermore, the AFL-CIO is currently reviewing the program's details to determine whether it will approve the project on behalf of organized labor.

Future of the program

While the Prison Industry Enhancement Program appears to offer significant benefits to State prison industries, stringent statutory participation requirements might hamper its successful implementation. Some of these, such as paying prevailing wages and ensuring that expanded industry programs do not displace privately employed workers, could be too difficult for some States to accomplish.

Furthermore, like the Free Venture Program, the future of the Prison Industry Enhancement Program is uncertain in the wake of LEAA's demise. Unless another sponsor is found, it is unlikely that the successes and problems of the program will be fully identified and shared with others. Department of Justice officials have stated that selection of the States by LEAA without continued technical assistance will be of questionable value.

CONCLUSIONS

The problems in expanding and improving State prison industries as an employment source will not be easy to solve. The industries generally use obsolete or antiquated equipment and facilities, face limited markets, and have limited profitability.

Federal assistance through the LEAA Free Venture model appears to offer at least some potential for operating productive and profitable State industries like those in the private business community. However, because of the magnitude of problems associated with State prison industries and the limited Federal assistance available, improvements will be slow and difficult to achieve. Furthermore, unless the Free Venture concept is applied on a broader scale, only seven State prison industry systems stand to benefit. Although the Prison Industry Enhancement Program's relaxation of Federal restrictions on marketing State prison products is important to many States, some States anticipate difficulties in meeting such requirements as paying inmates wages comparable to those earned for similar work in the private sector.

With the demise of LEAA, the future of these two programs is uncertain. Unless another organization is designated to sponsor the

programs, maximum benefits might not be achieved. Also, information learned from the programs might not be disseminated to Federal and State officials or to other interested parties. The NIC offers a possible means of disseminating this information.

RECOMMENDATIONS

We recommend that the Attorney General:

- Submit to the Congress anticipated future plans for the Free Venture and Prison Industry Enhancement Programs, including a proposed designation of agencies to administer the two programs after termination of LEAA.
- Require the Director, NIC, to collect and disseminate information regarding the operations of the Free Venture and Prison Industry Enhancement Programs.

AGENCY COMMENTS AND OUR EVALUATION

The Department stated that our report accurately describes the difficulties in operating industries within State prisons and provides an accurate assessment of the accomplishments of the Free Venture Program. An independent evaluation conducted by the National Institute of Justice reached similar conclusions regarding the program's effectiveness and impact. The Department also agreed with our conclusion that the Prison Industry Enhancement Program is too new to permit meaningful assessment.

In responding to our recommendation that the Department submit to the Congress its plans for the Free Venture and Prison Industry Enhancement Programs, the Department provided information on its intentions for operating the two programs. The Department said LEAA--which has been operating both programs but is scheduled for termination in April 1982--has contacted numerous Federal agencies and private organizations in an effort to secure continued technical and financial support for the two programs. While the agencies and private organizations expressed enthusiastic support for the programs, NIC was the only activity contacted that offered any likelihood of technical or financial assistance. NIC agreed to provide prison industry managers training designed to enhance their basic managerial skills. The Department also considered transferring responsibility for the Free Venture Program to NIC but did not because of budgetary constraints.

Thus, the Department has no plan for continuing the Free Venture Program beyond the end of fiscal year 1982. For the remainder of the fiscal year, the Department's Office of Justice Assistance, Research, and Statistics will administer the Free

Venture and Prison Industry Enhancement Programs. This office will also continue to identify possible alternatives for the continuation of both programs.

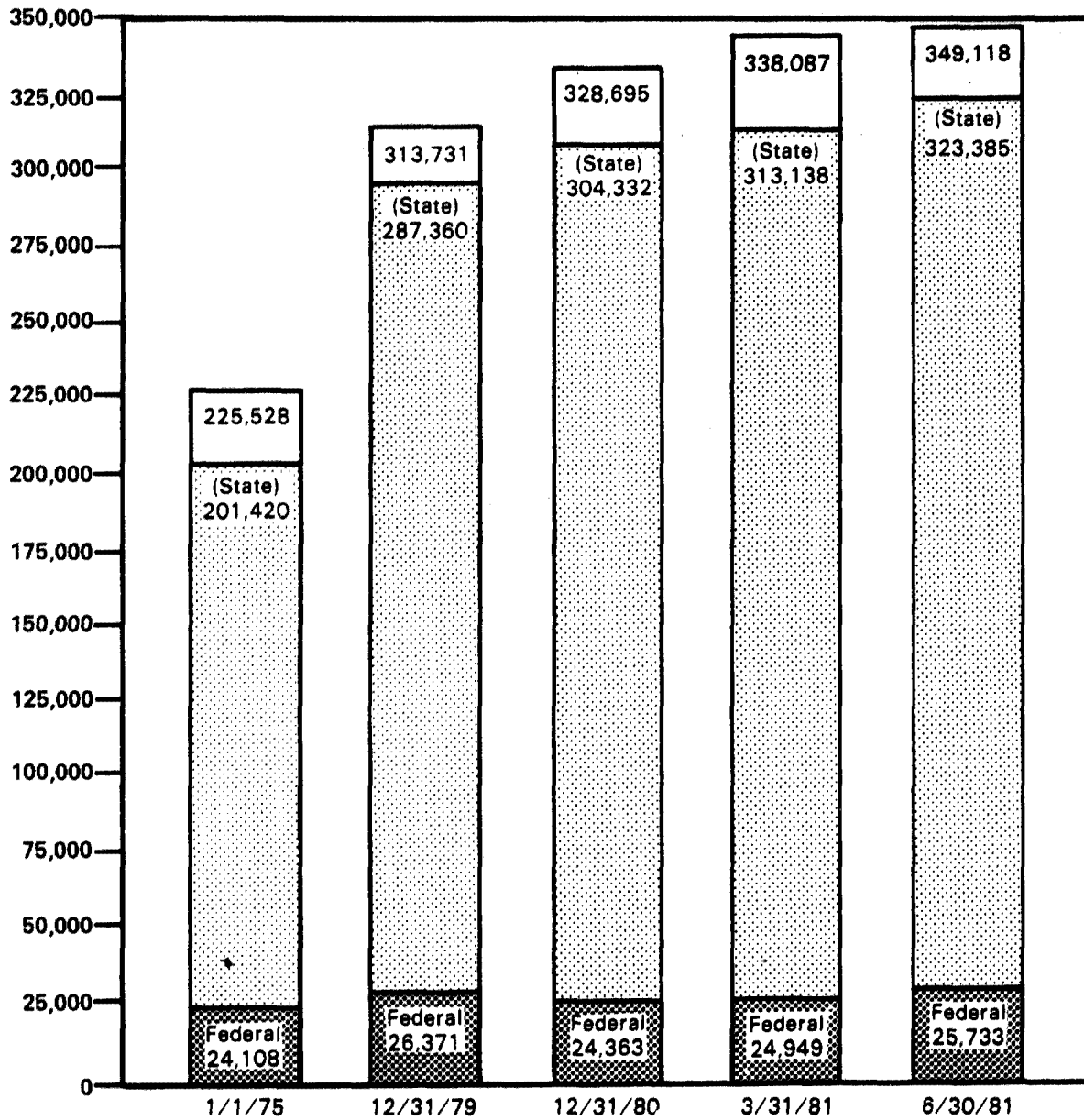
With regard to the Prison Industry Enhancement Program, in a letter dated August 31, 1981, the Department submitted to the Speaker of the House of Representatives a legislative proposal that would remove several impediments to the success of the program and would permit unrestricted national marketing of products produced under the program. The impediments referred to by the Department are similar to several impediments that we identified in our review.

Also, the Department, in commenting on our draft report made reference to S. 1597 that would essentially allow all State prison industries to market their products nationally and would create a federally funded corporation to administer the program. The Department said it opposed the proposed legislation because NIC currently performs many of the activities (technical assistance, grants, cooperative agreements, and training) proposed in the bill for the federally funded corporation.

Certainly, the Department's comments on its intentions for the Free Venture and Prison Industry Enhancement Programs are informative. However, the Department did not comment specifically on whether it intended to submit its plans to the Congress, as we recommended. Because of the innovative nature of these programs, the level of congressional interest, and the uncertainty of future sponsorship, we continue to believe that the Department should submit its plans to the Congress.

The Department agreed with our position that information learned from the Free Venture and Prison Industry Enhancement Programs should be disseminated to Federal and State officials and to other interested parties. Although other alternatives are being explored, the Department agreed with our recommendation that NIC should be responsible for implementing this task. According to the Department, NIC is receiving information on the Free Venture and Prison Industry Enhancement Programs and dissemination of this information will intensify during 1982. The Department's Office of Justice Assistance, Research and Statistics is also identifying other possible alternatives for disseminating information on the programs.

**TRENDS IN FEDERAL AND
STATE INMATE POPULATIONS**



KEY: Federal inmate population: [Cross-hatched box]
 State inmate population: [Dotted box]
 Total inmate population: [White box]

SOURCE: 1/1/75 Data - Corrections Magazine, April 1980.

12/31/79 thru 6/30/81 - U.S. Department of Justice, Bureau of Justice Statistics, Prisoners in 1980, May 1981 and Prisoners at Midyear 1981, September 1981.

PER CAPITA COSTS
FOR HOUSING INMATES
IN FEDERAL CORRECTIONAL FACILITIES

<u>Year</u>	<u>Average Daily Population</u>	<u>Cost Per Inmate</u>	
		<u>Daily</u>	<u>Annually</u>
1965	21,624	\$ 7.09	\$ 2,587.85
1970	20,687	10.27	3,748.55
1975	23,034	19.95	7,281.75
1976	24,967	21.62	7,891.30
1977	29,007	21.00	7,665.00
1978	29,347	23.20	8,468.00
1979	26,077	28.38	10,358.70
1980	23,918	34.40	12,556.00

PRODUCTS AND SERVICES PROVIDED BY
FEDERAL PRISON INDUSTRY DIVISIONS

DATA/GRAPHICS

Computer programming and data encoding services (keypunch, key-to-disc, key-to-tape). General printing, wood and metal signs, and drafting services.

ELECTRONICS

Wiring devices, electrical cable assemblies, electronic wiring harnesses, printed circuits, electronic systems, support systems, and the remanufacture of vehicular electronics systems.

METALS

Military office furniture, steel shelving, aluminum lockers, military beds, casters, bore brushes, tools, and dies.

SHOE/BRUSH

Military dress shoes, safety boots and shoes, orthopedic and custom shoes; institutional shoes; and a wide variety of paint, varnish and maintenance brushes.

TEXTILES

Cotton and wool textiles, canvas, canvas goods, synthetic textile products, mattresses, clothing, and weather parachutes.

WOOD/PLASTICS

Allenwood walnut furniture, solid wood furniture, molded fiberglass with chrome trim furniture, and plastic laminated particleboard furniture.

FEDERAL PRISON INDUSTRY FINANCIAL DATA
FOR FISCAL YEARS 1960-1980

<u>Year</u>	<u>Sales</u>	<u>Profits</u>	<u>Vocational Training</u>	<u>Contributions to</u>	
				<u>Inmate Performance Pay (note c)</u>	<u>U.S. Treasury</u>
	--(millions)--			--(millions)--	
1960-69	\$ 437.10	\$ 87.10	b/\$ NA	b/\$ NA	a/\$77.00
1970	58.36	9.93	3.02	.55	5.00
1971	47.33	4.99	3.85	.70	-0-
1972	54.00	6.36	5.07	.77	-0-
1973	58.76	6.61	5.23	.90	-0-
1974	67.45	11.02	4.73	.99	-0-
1975	72.75	8.86	4.83	1.09	-0-
1976	81.30	12.13	4.72	1.28	-0-
d/T76	22.70	3.94	1.05	.34	-0-
1977	91.10	13.72	4.37	1.99	-0-
1978	104.36	14.17	4.23	2.50	-0-
1979	114.57	11.53	2.89	2.97	-0-
1980	<u>125.50</u>	<u>12.78</u>	<u>2.99</u>	<u>2.99</u>	<u>-0-</u>
Total	<u>\$1,335.28</u>	<u>\$203.14</u>	<u>\$46.98</u>	<u>\$17.07</u>	<u>\$82.00</u>

a/Cumulative contribution for 1934 through 1969.

b/Not available.

c/Paid to inmates assigned to institutional work programs.

d/ Refers to transition quarter from July 1 to September 30, 1976.

FEDERAL PRISON INDUSTRY
SALES BY PRODUCT DIVISION

<u>Product Division</u>	<u>Fiscal Years</u>		
	<u>1978</u>	<u>1979</u>	<u>1980</u>
	- - - -(millions)- - -		
Data/Graphics	\$ 6.5	\$ 8.3	\$ 8.8
Electronics	15.4	14.6	17.0
Metals	18.6	17.0	21.8
Shoe/Brush	16.1	17.8	18.0
Textiles	38.2	45.3	46.8
Wood/Plastics	<u>9.6</u>	<u>11.6</u>	<u>13.1</u>
Total Sales	<u>\$104.4</u>	<u>\$114.6</u>	<u>\$125.5</u>

FEDERAL PRISON INDUSTRYSALES TO FEDERAL AGENCIES FOR FISCAL YEAR 1980

<u>Product Division</u>	<u>Department of Defense</u>	<u>GSA</u>	<u>U.S. Postal Service</u>	<u>All Others</u>	<u>Total</u>
	- - - - - (millions) - - - - -				
Data/Graphics	\$.9	\$ 2.6	\$ -0-	\$ 5.3	\$ 8.8
Electronics	16.7	.2	-0-	.1	17.0
Metals	2.8	7.6	4.4	7.0	21.8
Shoe/Brush	2.0	11.0	-0-	5.0	18.0
Textile	10.8	7.0	17.8	11.2	46.8
Wood/Plastics	<u>5.2</u>	<u>3.7</u>	<u>1.6</u>	<u>2.6</u>	<u>13.1</u>
Total	<u>\$38.4</u>	<u>\$32.1</u>	<u>\$23.8</u>	<u>\$31.2</u>	<u>\$125.5</u>
Percent	(31%)	(26%)	(19%)	(24%)	(100%)



U.S. Department of Justice

Washington, D.C. 20530

MA: 5 1982

Mr. William J. Anderson
Director
General Government Division
United States General Accounting Office
Washington, D.C. 20548

Dear Mr. Anderson:

This letter is in response to your request to the Attorney General for the comments of the Department of Justice (Department) on your draft report entitled "Improved Utilization and Training of Inmates Will Benefit Correctional Institutions and Inmates."

The report focuses on two major areas--institutional and industrial work programs in Federal prisons managed by the Federal Prison System, and the Free Venture and Prison Industry Enhancement Programs for State prisons presently managed by the Law Enforcement Assistance Administration (LEAA). Each area is addressed separately.

INSTITUTIONAL AND INDUSTRIAL WORK PROGRAMS

While some of the General Accounting Office's (GAO) recommendations have merit, we believe that the report does not give sufficient consideration to the realities of correctional management and to our professional expertise in this area. Specifically, the Bureau of Prisons has long and successfully operated with the philosophy that proper inmate accountability and minimal inmate idleness are the cornerstones of a sound inmate work program. Additional factors certainly contribute to the quality of such programs, but we continue to believe that first priority must be given to providing every inmate both adequate supervision and sufficient work to stay occupied. Our position is well supported by extensive correctional literature which indicates that excessive inmate idleness and reduced inmate accountability are frequently causal factors in prison disturbances.

GAO also gave little attention to an uncontrollable variable in corrections which impacts directly on inmate work assignments--constantly fluctuating population levels. As population levels decrease, more efficient assignment of inmate work becomes increasingly imperative. When the population rises, however, maintaining accountability and controlling idleness must take precedence over efficient assignment of work.

Providing meaningful work opportunities for inmates has long been the operating philosophy of the Bureau of Prisons. Our commitment to this goal has remained constant and proactive, the population fluctuations and our priorities regarding idleness and accountability notwithstanding. Independent of GAO's influence, significant progress has been made in this area. In 1981, the Bureau of Prisons

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established two task forces. The first group, which dealt with inmate education, training and selection, has completed its work. Their recommendations, which include the following, have been approved and are being implemented: requiring completion of adult basic education (6th grade level) as a prerequisite to employment in certain Federal Prison Industries (FPI) positions and grade levels; further developing the pre-industrial employment training programs; and identifying and developing model vocational training programs with skilled training components. These improvements will not only provide a better skilled inmate work force but will also stimulate more inmates to pursue basic education, which is so essential to successful community employment. The second task force, on inmate performance pay, will complete its work in May 1982. Their recommendations will suggest additional ways to stimulate greater inmate participation in program activities and further reduce idleness.

GAO's basic presumption is that more efficient inmate work assignments could be achieved by merely transferring the excess inmates to FPI. This is simply not practical. Inmate workers, particularly in an industrial setting, require close and constant supervision. FPI cannot accept influxes of inmates without additional staff to supervise them. Unfortunately, due to recent budget reductions, FPI had to considerably reduce their position complement. It is also significant that as of December 1981, FPI employed one-third of the inmate working population and was operating at more than 90 percent of their established optimal inmate staffing level. Thus, it is clear that FPI's ability to absorb excess inmates is limited.

In short, we believe that many of GAO's recommendations cannot be successfully incorporated into the correctional environment reality. We feel that our current approach to inmate work assignments is both professionally prudent and historically sound. We do not intend to abandon our emphasis on proper accountability and reduced idleness in favor of "efficient" inmate staffing patterns.

Inmate Work Programs

The GAO report makes three recommendations regarding institutional work programs:

- (1) Develop inmate staffing criteria for major institutional work programs based on inmates being involved in full-time, productive employment.

The Inmate Performance Pay Task Force is addressing this issue. They have surveyed eight institutions and reported that these institutions do have local staffing criteria. Currently, they are studying a set of consistent standards for systemwide implementation as a guide in the development of a more detailed staffing plan by individual institutions. As discussed in the draft report, there are numerous factors which hamper the successful implementation of a uniform system for assigning inmates to institutional work programs. These include changes in population, conflicting pressures inherent in the goals of providing marketable skills training/reducing inmate idleness, high rates of inmate absenteeism, and varying institutional missions. We believe that by requiring institutions to closely monitor their population and better schedule inmate appointments/classes, useful inmate staffing criteria can be developed which should minimize some of the problems in this area.

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- (2) Monitor inmate assignments to institutional work to ensure that such assignments are in accordance with staffing criteria.

One of the tasks of the Inmate Performance Pay Task Force includes developing procedures to establish, at each facility, a vehicle to regularly audit inmate assignments to ensure compliance with the systemwide staffing criteria.

- (3) Ensure that the results of studies on more efficient utilization of inmates on institutional work programs are disseminated to all correctional institutions.

The task force will make recommendations regarding the dissemination of information pertinent to inmate work programs, taking into consideration the constraints caused by fluctuating inmate populations.

Federal Prison Industries

With respect to FPI, we appreciate GAO's recognition of our accomplishments toward improving employment opportunities and job skills for inmates. The report makes three recommendations:

- (1) The Commissioner, FPI, in cooperation with the Attorney General, works with the Board of Directors of FPI to provide guidance on the Federal product market that can appropriately be supplied by industries without overly competing with private industry.

FPI is sensitive to avoiding competition with private industry; by law we must not be "unduly competitive." Two facts, found and reported by the GAO staff, support our position.

- a. ". . . there have been few complaints received regarding competition" (p. 23)
- b. "At the time of our visit, that division had more than a 1-year backlog in orders." (p. 27)

FPI actively pursues new programs and innovations that will improve abilities to employ and train inmates. Throughout FPI, a renewed emphasis has been placed on quality assurance and additional staff added to provide more inmate jobs and training in this area. Also, by establishing an Industrial Council at Danbury, Connecticut, FPI will benefit from some of the Nation's top corporations in the area of improving industrial operations, e.g., increase productivity and vestibule vocational training to prepare inmates for industry jobs, similar to the practice in private industry. Based on the experience at Danbury, Connecticut, this program may be replicated at other institutions. Additionally, the Federal Prison System plans to award a contract in March 1982 to a private firm for a 1-year study to identify and develop new market products and strategies. It should be noted that the identification of new product markets is an on-going activity of FPI management.

- (2) Ensure that appropriate incentives are created to attract to industries as many inmates as possible who are not required for institution work.

FPI currently offers five incentives to attract inmates to volunteer for industrial work: (a) industrial good time (up to five days a month off sentence); (b) higher earnings than in other institutional programs (up to \$1.00 an hour); (c) other employee benefits such as earned vacations and longevity pay (an additional 10 to 20 cents an hour); (d) opportunities to learn skills needed in private industry, by actually performing work under "real world" conditions to the degree possible; and (e) the opportunity to engage in productive activity and to learn sound work habits consistent with the requirements of private industry.

In December 1981, 6,598 inmates were employed by FPI. This represented 32.8 percent of the working population, and more than 90 percent of established inmate staffing levels. We believe that the high level of industrial employment strongly suggests that current incentives are adequate to attract available inmates to work in industries. In 1983, FPI plans to continue to provide on-the-job industrial training to over 30 percent of the working population (inmates available for work). Also, FPI plans to increase apprenticeship training programs to 80, thus achieving in 1982 the goal of at least one apprenticeship program at each industrial location.

- (3) Take such steps as necessary to improve inmate training opportunities through increased emphasis on job skills relevant to those needed for employment in the private sector and by requiring inmate work schedules and productivity levels to more closely emulate those found in the private sector.

This recommendation appears to address four subjects: (a) inmate training; (b) job skills, (c) work schedules, and (d) productivity levels.

- (a) The Federal Prison System has taken steps to improve inmate training opportunities. In the 1983 budget, the Director of the Federal Prison System has requested that FPI's vocational training limitation be increased from \$2,934,000 to \$5,934,000. This increase will allow FPI to undertake a number of actions associated with employment training. These initiatives involve enhancement of existing vocational training and industrial training. Specifically, one major planned initiative is the development of several comprehensive employment programs at selected institutions by contracting with accredited educational institutions and private sector organizations. Each program will include vocational assessment and screening, counseling, skill training, work experience, and placement assistance upon release for each inmate. The primary objective of these programs is the improvement of employment options of inmates upon release from the institutions.
- (b) We are currently updating information on specific job skills learned in industries, and we are comparing the data with projected needs for these skills through 1990 based on the Bureau of Labor Statistics forecast. We believe the result will show, as did our first analysis made in 1979 and reported to the Congress, that in a large majority of industries jobs, employment opportunities are forecast to increase significantly. Generally, FPI is providing inmates with opportunities to acquire skills necessary for private employment. We also expect the marketing study referenced above to

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offer recommendations which will lead to an expansion of our service industries. Current Labor Department data indicate that service industries will experience the largest increase in jobs over the next several years.

- (c) The report states most inmates lack "work experience" (p.vi) and that FPI places far greater emphasis on "good work habits" (p. 29). We continue to believe good work habits are essential and will continue to stress their importance. As cited in the July 1980 study of ten companies in the Philadelphia area:

"Most companies do not need persons with special skills, because nearly all the workers start at entry-level positions and are trained on the job. The basic requirement for employment would be a satisfactory job history, including a successful demonstration of one's ability to (1) follow directions, (2) be punctual, (3) keep absenteeism low, (4) show initiative toward the job, and (5) get along with fellow workers."

This report found that none of the companies interviewed would consider new employees, regardless of special skills or higher levels of education, without the basic life skills mentioned above. Private employers also want employees with certain specialized skills. FPI will continue to seek a balance by placing emphasis on teaching both specific job skills and good work habits to inmates employed in industries.

Subsequent to GAO's field work, we resurveyed all FPI locations regarding inmate working hours. All institution industries now work a minimum of seven hours. The correctional environment precludes more closely approximating the 8-hour workday of the private sector.

- (d) As the report observed, methods for improving and measuring productivity are major goals of FPI. We have written a revised and expanded cost accounting manual that will be distributed shortly. It includes detailed procedures for establishing work standards. At their last meeting, the Board of Directors approved a \$5 million machinery modernization program to keep FPI current with private enterprise.

Where labor intensity is required, FPI's objective is to employ inmates in work designed to produce goods and services as is done currently in labor-intensive jobs in the private sector.

Editorially, we suggest that the subchapter titled "Number of Inmates Available for Industries is Unknown" be retitled or eliminated.^{1/} As noted on Page 26 of the report, GAO states that:

"Subsequent to completion of our fieldwork, optimal staffing levels were established for prison industries. These levels reflect full-time employment based on identified work stations and utilization of all equipment and performance of all process steps at plant capacity."

^{1/}The subtitle is appropriate since it refers to the number of inmates that can be made available for industry employment, not the number of inmates that industry can accommodate. Within this section, we recognize that optimal industry staffing levels have been established.

FREE VENTURE AND PRISON INDUSTRY ENHANCEMENT PROGRAMS

The Digest and Chapter 4 of the draft report discuss the Free Venture and Prison Industry Enhancement Programs. These programs are presently managed by the LEAA. Both the Digest and Chapter 4 accurately describe the difficulties in implementing industries within State prison facilities. Further, the report accurately assesses the accomplishments of the Free Venture Program. Although the report cites only LEAA assessment of the Free Venture Program, an independent evaluation conducted by the National Institute of Justice reached similar conclusions regarding effectiveness and impact. The report also appropriately recognizes that the Prison Industry Enhancement Program is too new to attempt impact assessment.

Regarding the future of the two programs, we agree with GAO's conclusion that the termination of LEAA may result in the demise of both programs unless another sponsor is found. Recognizing that likelihood, the LEAA staff has, for several months, been exploring options for the continuation of these programs.

Page 63 of the GAO report recommends that the Attorney General:

Submit to the Congress anticipated future plans for the Free Venture and Prison Industry Enhancement Programs, including a proposed designation of agencies to administer the two programs after termination of LEAA.

Between September 1980 and January 1981, a number of Federal agencies and private organizations were contacted by the LEAA staff in an effort to secure continued technical and financial support for the two programs. Contacts consisted of personal meetings, telephone conversations and written communications with these agencies:

- Office of Assistant Secretary for Policy, Evaluation and Research
Department of Labor
- Employment Standards Administration
Department of Labor
- Office of International Affairs
Department of Labor
- National Institute of Corrections
Department of Justice
- Human Resources Development Institute
AFL/CIO
- National Alliance of Business
- Human Resources and Opportunities
National Association of Manufacturers

Each of the agencies contacted expressed enthusiastic support for both programs. However, with the exception of the National Institute of Corrections (NIC), none would offer any likelihood of technical or financial support from their organizations for the continuation of either program.

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LEAA will terminate as a separate organizational unit by April 15, 1982, and the Office of Justice Assistance, Research and Statistics (OJARS) will administer the Free Venture and Prison Industry Enhancement Programs until they expire at the end of the fiscal year. OJARS is continuing to review both programs to identify possible alternatives for their continuation and/or for the appropriate dissemination of information about their operations to practitioners. With declining personnel and no program budget for Fiscal Year 1982 and (tentatively) Fiscal Year 1983, it is extremely unlikely that OJARS will be able to continue either Free Venture or the Prison Industry Enhancement initiatives beyond Fiscal Year 1982. However, to assure that they are properly administered through this remaining period, OJARS has committed itself to extending the technical assistance support contract for prison industries through September 30, 1982.

The Department agrees that NIC should assume an active role in assisting States to improve their correctional industries. Accordingly, NIC has agreed to serve as a training resource by providing prison industry managers with courses designed to enhance basic managerial skills.

As for the Free Venture Program, the Department does not presently intend to continue this program. During the 1982 budget development process, consideration was given to transferring the program responsibility to NIC, but the request was subsequently eliminated due to budgetary constraints and the requirement that NIC absorb the function and associated costs. As a result, NIC has virtually no resources to monitor the program.

With respect to the LEAA Prison Industry Enhancement Program, on August 17, 1981,^{1/} the Department transmitted a letter to the Honorable Thomas P. O'Neill, Jr., Speaker of the House, seeking consideration of a legislative proposal to remove several impediments to the success of the program. One element of the proposed amendment relates directly to the GAO recommendation and seeks to exempt the goods provided under this program from the revised Hawes-Cooper Act, 49 U.S.C. 11507. The Act permits a State to keep goods made in an out-of-State prison from crossing its borders. The legislative change is needed to permit unrestricted national marketing of these goods, and would accord both private industry and State corrections systems a significant economic inducement to operate meaningful and diverse prison industry programs.

Also, S. 1597, a bill to establish a corporation for prison industries, includes, as one of its purposes, the removal of restrictions on the sale and transportation of prison-made goods. The Department feels that a Federally funded corporation, as proposed by S. 1597 is unnecessary. We oppose the proposed legislation because NIC currently performs many of the activities proposed in the bill, e.g., technical assistance, grants, cooperative agreements, and training. Additionally, the Department believes primary responsibility for improving State prison industries is a responsibility of State governments.

GAO also recommends that the Attorney General:

Require the Director, National Institute of Corrections, to collect and disseminate information regarding the operations of the Free Venture and Prison Industry Enhancement Programs.

^{1/}The actual date of the letter is August 31, 1981. This was confirmed by a Department official and is reflected on p. 50.

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NIC has received total cooperation from LEAA and is receiving all pertinent information on the Free Venture and Prison Industry Enhancement Programs for dissemination to State and local corrections officials or other interested parties. This information exchange will be intensified during 1982 through NIC's clearinghouse and technical assistance programs.

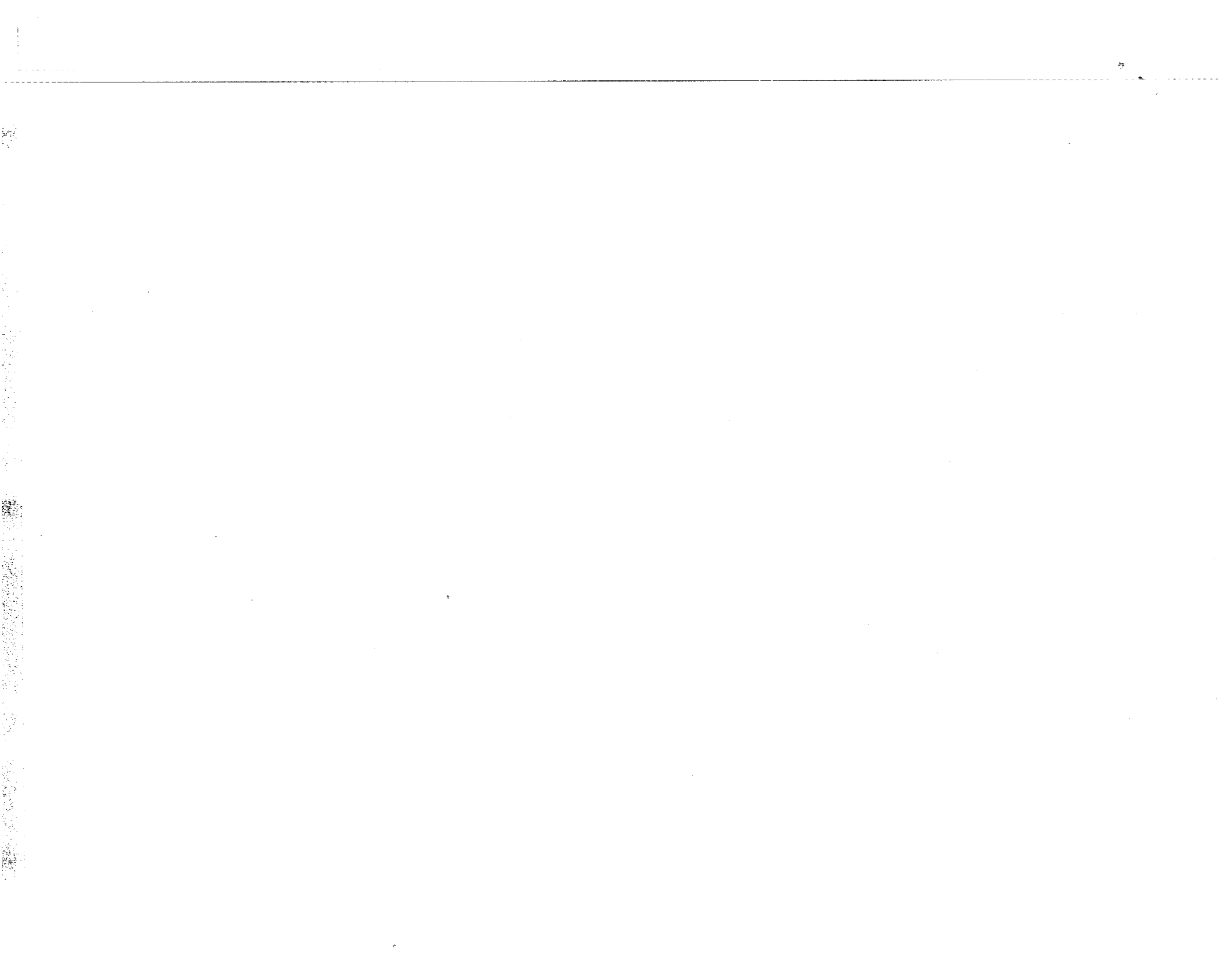
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We appreciate the opportunity to comment on the draft report. Should you desire any additional information pertaining to our response, please feel free to contact me.

Sincerely,


Kevin D. Rooney
Assistant Attorney General
for Administration

(182660)



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