

# Prison Labor and Crime in the U.S. – Industry, Privatization, Inmate Facts and Stats

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**Prepared for the 2011 Congressional Black Caucus**



In response to the facts, figures and information requested on Prison Labor and Prison Industries in the U.S. by U.S. Congressman John Conyers, Jr. (D MI)

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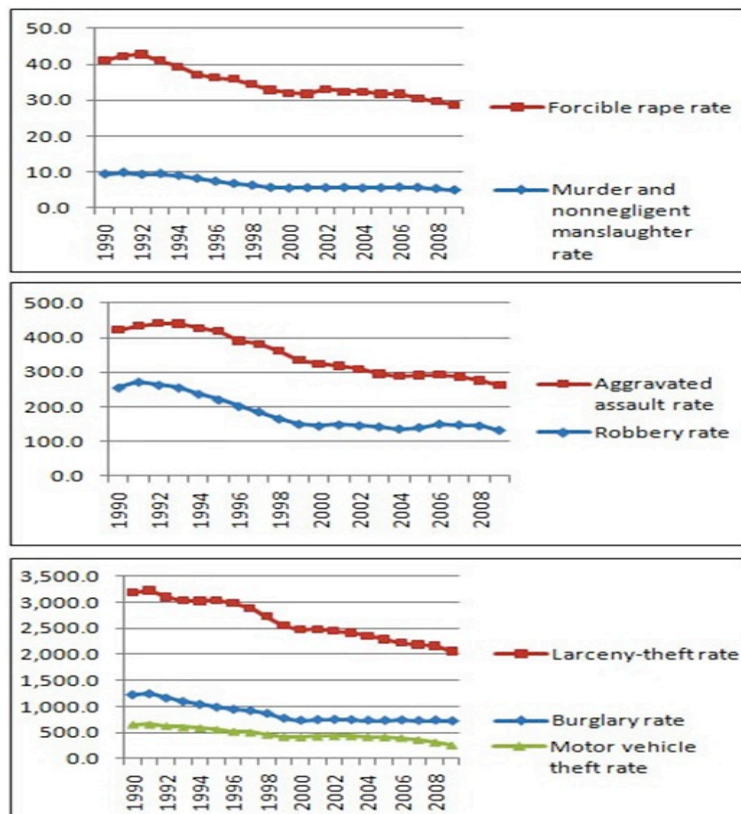
# Presentation to the Congressional Black Congress – 9-21-11

By Bob Sloan

## The Numbers and Impact

Today there are more than 2.4 million Americans incarcerated in U.S. prisons and another 6<sup>1</sup> million under some form of supervision, control, jail or parole. This is an increase of more than five times the number incarcerated in 1980. That was a key year in criminal justice, in that with the election of President Reagan the “War on Drugs” and “Crime” were initiatives put forth by that President. Under his direction hundreds of new criminal laws were proposed and began to be enacted. These eventually resulted in increases in the number of arrested, lengthened the sentences imposed upon conviction, and reduced the ways/manner in which prisoners could earn gain time or secure parole. This is a policy that once established has been continued by subsequent administrations and advanced by pro-corporate free market interests who capitalize off of both the incarceration of prisoners and the use of those imprisoned as a cheap, profitable form of slave labor.

From 1990 through the present there has been a decline in crime in the U.S. While some categories fluctuated over the past two decades, in general crime has gradually decreased in most categories. Even so, we have seen an increase in incarceration that is far greater than the decline in criminal arrests. This indicates that while there are fewer crimes committed resulting in arrests, those who *are* arrested are more likely to be prosecuted and sent to prison and of late those going



<sup>1</sup> <http://www.newyorker.com/arts/critics/atlarge/>

Chart 1.1

to prison are more likely to be African-Americans and Hispanics.

The laws proposed and passed from 1980 through 2011 created the huge inmate population found in the U.S. today. Currently 1 in every 32 American's are either in prison or under supervision. As many researchers point out, America has 4-5% of the world's total population yet we have 25% of the worlds incarcerated (2.3 million).

These numbers equate to huge expenditures involving incarceration. The prison industry's \$34.4 billion in revenues last year is part of the total revenue growth of 9.1% from 2000 through this year. Total revenue growth from 2011 through 2016 is forecast at 7.5%.<sup>2</sup>

Over the years there a pursuit of privatizing prisons in the U.S. and has been accepted by the public as a necessary means of handling increasing rate(s) of incarceration that were causing overcrowding in state run prisons. Despite the facts and statistics shown on the drops in crime rates, since 1980 there has been a steady stream of false information provided to the public indicating an ever-increasing crime rate in the U.S. and thus a *perceived need* for more prisons.

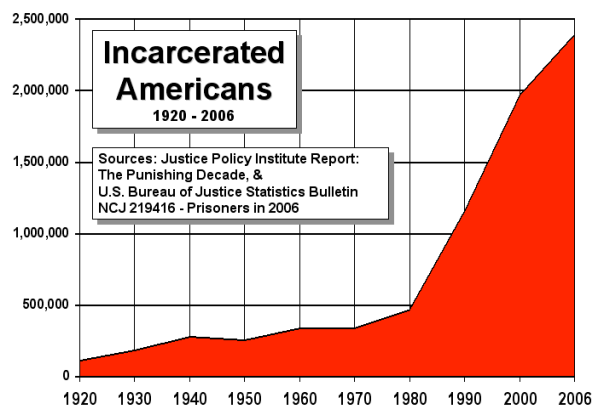
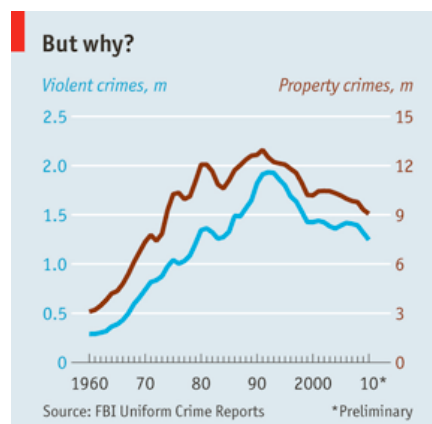


Chart 1.2



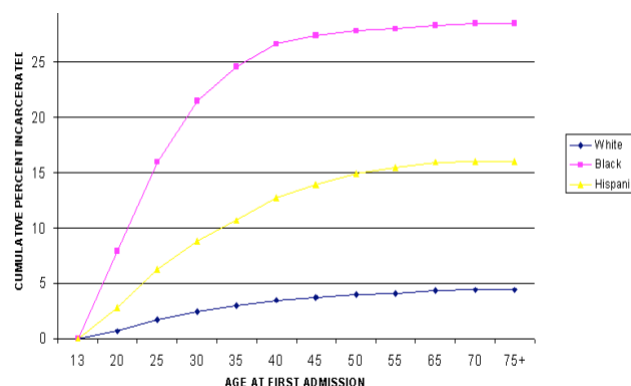
## Ethnic Disparity

A statistic that is indicative of the clear disparity of individuals sentenced to prison is these figures from 2006 reflecting that racial and ethnic minorities are more likely to be imprisoned than Whites:

**For White males ages 25-29: 1,685 per 100,000.**

FIGURE 2  
PERCENTAGE OF U. S. MALES LIKELY TO EVER GO TO PRISON BY AGE, RACE AND HISPANIC ORIGIN

Chart 2.2



<sup>2</sup> <http://www.nuwireinvestor.com/articles/the-10-fastest-growing-industries-57192.aspx>

**For Latino males ages 25-29:** 3,912 per 100,000.

**For Black males ages 25-29:** 11,695 per 100,000. (That was 11.7% of all Black men in their late 20's in 2006).<sup>3</sup>

Another disturbing factor regarding ethnicity/race is demonstrated by this graph that informs that African-Americans in the U.S. have a 28-30% chance of going to prison sometime during their lifetime, Hispanics a greater than 15% chance and Whites less than a 5% probability<sup>4</sup>.

From the below graph and statistics it is easily shown that while all ethnicities are affected by incarceration, minorities are more adversely affected than Whites. With such huge increases in prison populations at state and federal levels impacting upon a larger proportion of Blacks and

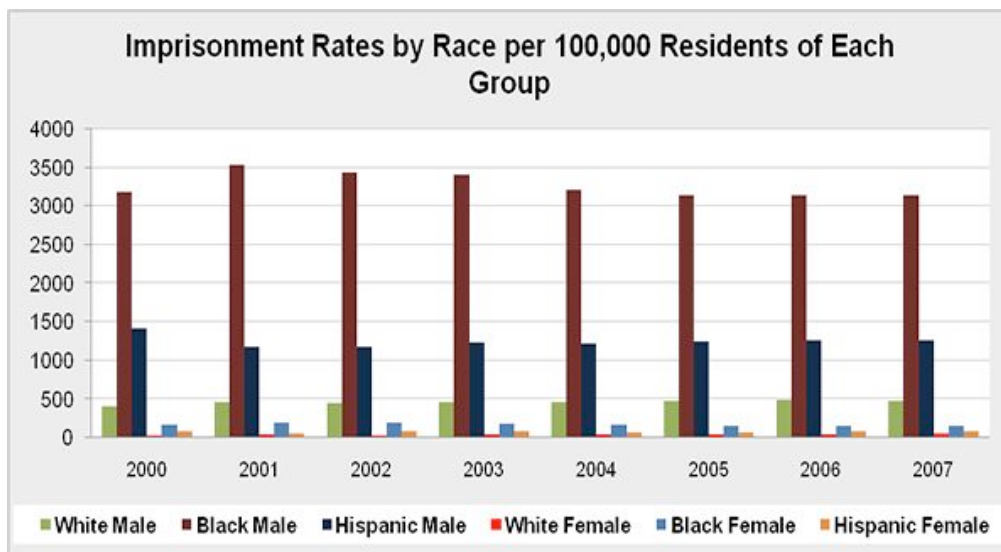


Chart 2.3

Hispanics, the factors involving our increasing prison populations are of special interest. Incarcerated Black males represent the highest rates of incarceration and have held that distinction for many years as the above chart demonstrates. However with the increases in apprehensions of Hispanic males due to new immigration laws, the gap between Black and Hispanic males is narrowing.

Why are American incarceration rates so high by international standards, and why have they increased so much during the last three decades? The simplest explanation would be that the rise in the incarceration rate reflects a commensurate rise in crime. But according to data from the Federal Bureau of Investigation and the Bureau of Justice Statistics (BJS), the total number of violent crimes was only about 3 percent higher in 2008 than it was in 1980, while the violent crime rate was much lower: 19 per 1,000 people in 2008 vs. 49.4 in 1980. Meanwhile, the BJS

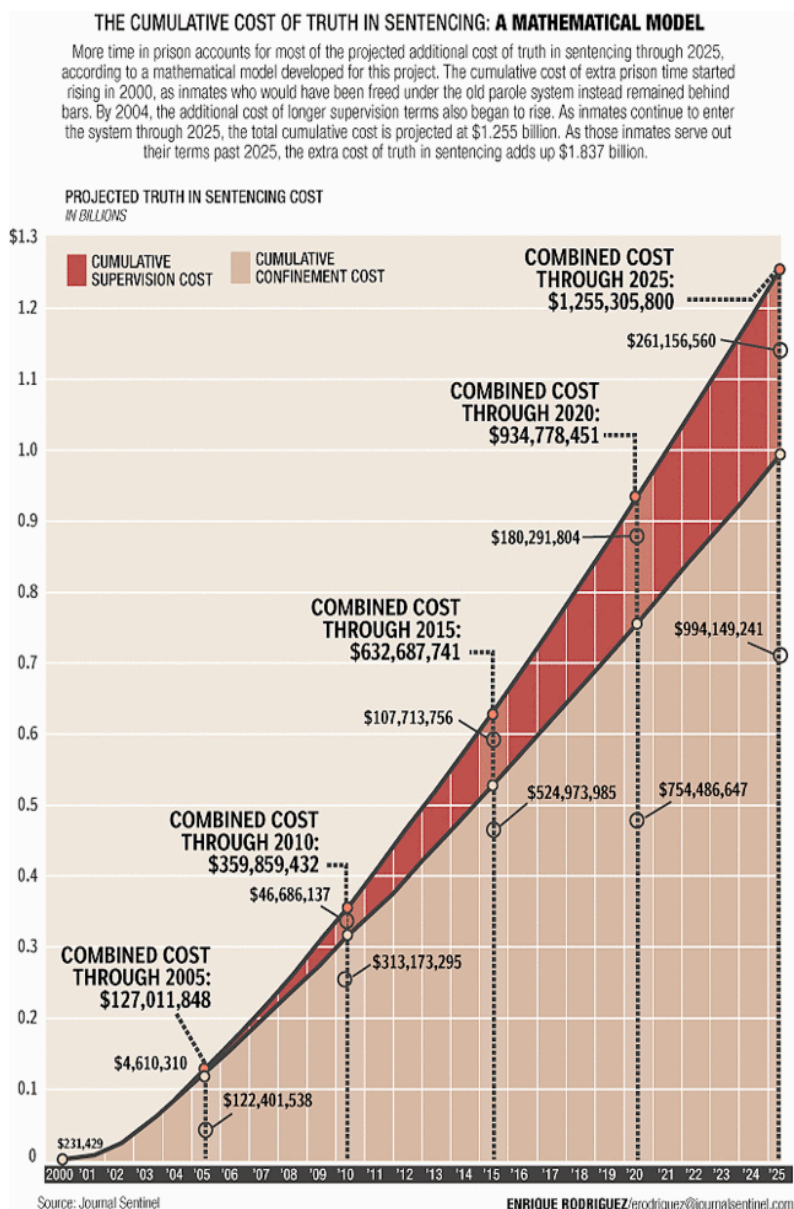
<sup>3</sup> Source: Prison Policy Initiative

<sup>4</sup> Source: <http://www.forbes.com/sites/erik>

data shows that the total number of property crimes dropped to 134.7 per 1,000 people in 2008 from 496.1 in 1980<sup>5</sup>. This growth in prison population mainly reflects changes in the correctional policies that determine who goes to prison and for how long. Criminal justice reforms from 1984 through the present have contributed to this disparity between the declining crime rates and increasing incarceration rate(s). Many crimes today were not illegal before 1984 and that has helped to incarcerate. However the biggest impact in this change has been sentencing.

In 1984 the **Sentencing Reform Act** (P.L. No. 98-473, 98 Stat. 1987) marked a fundamental change in federal criminal sentencing policy and practice. Part of the broader **Comprehensive Crime Control Act of 1984**, the Sentencing Reform Act abolished parole in the federal system (and eventually led to abolishing parole state by state) and created the United States Sentencing Commission. This administrative body was given the task of crafting guidelines governing criminal sentencing in federal courts. The U.S. Sentencing Commission set in place guidelines for sentencing and among the provisions were such things as Truth in Sentencing (TIS), mandatory minimum gun and drug laws, three strike laws, habitual offender laws.

Sentencing disparity under current legislation is clearly noticeable as the rate for Black males is more than twice that of Hispanic males and several



<sup>5</sup> See Chart 3.1 in Appendix

times greater than White males. This racial and ethnic imbalance lends credence to the arguments proposed that Blacks are continuing to be exploited for profits by those involved in privatization of incarceration. Past arguments that Blacks and Hispanics are committing more crimes than Whites have been largely refuted. Many researchers have come to believe that Blacks and Hispanics are more frequently incarcerated due to their socio-political standing within their respective communities; both are less likely to hold positions of influence, they have a lesser voice in political and other issues and are less able to afford expensive legal representation. When faced with arrest, minorities are more likely to be exploited by our existing judicial system(s) when these factors are considered. This is corroborated when looking at sentencing disparities based upon legislation enacted previously that provided for harsher and longer sentences available for many offenses.

An immediately recognizable example of this style of legislation is the law regarding possession or use of crack cocaine (used and favored by Hispanics and Blacks) versus powder cocaine (used and favored by Whites). The disparity was 100:1 until this was addressed by the Sentencing Commission in 2011 and changed to an 18:1 ratio. This imbalance of prosecuting the same substance in different forms led to incarceration of tens of thousands of minorities and kept them incarcerated for much longer than White offenders using or possessing the same base substance.

Since January 1989, federal judges alone have sentenced approximately 600,000 defendants pursuant to the guidelines adopted between 1984 and 1989.<sup>6</sup>

Generally lawmakers advocate that imprisonment is necessary to protect society and that by incarcerating all who offend, the public is made safer and those incarcerated become rehabilitated and refrain from further criminal acts upon release. This theory has been recently researched and refuted by the “Prison Journal” Project published on behalf of Pennsylvania Prison Society<sup>7</sup>. The Abstract of their findings provides:

*“One of the major justifications for the rise of mass incarceration in the United States is that placing offenders behind bars reduces recidivism by teaching them that “crime does not pay.” This rationale is based on the view that custodial sanctions are uniquely painful and thus exact a higher cost than noncustodial sanctions. An alternative position, developed mainly by criminologists, is that imprisonment is not simply a “cost” but also a social experience that deepens illegal involvement.*

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<sup>6</sup> <http://www.localnewsonly.com/columns/1009lucchesicolumn03.htm>

<sup>7</sup> [http://tpj.sagepub.com/content/91/3\\_suppl/48S.full.pdf+html](http://tpj.sagepub.com/content/91/3_suppl/48S.full.pdf+html)



*Using an evidence-based approach, we conclude that there is little evidence that prisons reduce recidivism and at least some evidence to suggest that they have a criminogenic effect. The policy implications of this finding are significant, for it means that beyond crime saved through incapacitation, the use of custodial sanctions may have the unanticipated consequence of making society less safe."*

## Cost of Incarceration

The below chart shows correctional spending as a percentage of state general funds for the period 1988 through 2008. As it indicates the national average spent on incarceration in 1988 was 5% of each state's general fund expenditures. That percentage increased steadily from 1988 to a high national average of 7.5% in 2004-2005 (or a 50% increase). By 2008 there were just sixteen states still spending 5% or less on corrections, twenty one spending from 5% to 7%, nine spending between 7% and 9% and four states spending more than 10% of their tax dollars on incarceration. Most of that goes to operating prisons.



Map 5.1

As with most other costs in America, inflation has impacted upon prison operations as well. The expense of incarceration has not been as noticeable as the cost of a gallon of milk or fuel as the costs associated with arrests, prosecution and imprisonment are spread among large numbers of taxpayers and increases have been relatively unnoticed compared to other costs. However cumulative amounts over the past twenty years have begun to be noticed as more

and more attention is focused upon the solvency of more than a few states. Suddenly legislators and taxpayers alike realize the vast amount of resources that are being dedicated to incarceration – and the amounts for preceding years leading up to 2011.

As state by state cuts had to be made to education, healthcare and necessary social programs to fund corrections, lawmakers and their constituents have begun to look for ways to reduce out of control spending on prisons. To begin to make necessary changes, each must first determine the causes associated with incarceration costs. The problem begins with the many new laws and harsher sentences now being handed down.

In the United States, federal laws currently require those convicted of federal crimes to serve a "substantial portion" of their sentence. This is achieved by eliminating or restricting parole and/or remissions. The first law requiring Truth In Sentencing (TIS) was passed in 1984, and a number of states now have them. In 1994, a federal TIS law was passed allowing the federal government to subsidize corrections costs to those states utilizing TIS laws. To qualify for TIS federal funding, state offenders must serve at least 85% of their sentence for qualifying crimes before becoming eligible for parole. As of 2008, the District of Columbia and 35 of the 50 states qualify for this additional funding.<sup>8</sup> In essence the federal government now subsidizes states who apply TIS sentencing to all of their state prisoners requiring that they serve no less than 85% of their imposed sentence(s). These subsidies enable states to continue to incarcerate prisoners for the longest time possible and serve as a way for proponents to point to the federal government as supporting harsh sentences by subsidizing the costs of TIS.

While TIS was implemented to ensure those convicted of committing "violent" offenses were required to serve 85% of their imposed sentences, this has been changed by requiring *all* inmates serving prison sentences to serve 85% of their sentence in prison and the balance/remainder served in what is commonly termed conditional release supervision. It's hard to ascertain exactly when/where the states adopted changes to TIS requiring all offenders to serve the 85% sentence requirement, but today this is one of the major contributing factors to high prison populations – and related costs.

The Crime Control Act of 1984 that brought us TIS also introduced mandatory minimum sentencing laws allowing for increased sentences in violent or aggravated circumstances. These mandatory minimum sentences cover a wide range of offenses from assaults, drug and gun charges to domestic abuse cases and multiple convictions. What all of these have in common are that discretion in sentencing has been taken from judges and put in the hands of prosecutors. Now prosecutors determine: which cases to prosecute; who to try under

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<sup>8</sup> [http://en.wikipedia.org/wiki/Truth\\_in\\_sentencing](http://en.wikipedia.org/wiki/Truth_in_sentencing)



mandatory minimum statutes; which offenders qualify for habitual or enhanced sentencing and; whether to offer plea bargains to defendants in exchange for pleas. Additionally a commonality of these sentence revisions is the increased costs that come with TIS and other mandatory minimum sentences.

Another effect under TIS and mandatory minimums is related to increased costs for required supervision of offenders once released after serving 85% of their sentence(s). The 15% earned as gain time is served outside prison and requires ex-offenders to be on supervised release for sometimes years. In essence an offender can exhibit the best behavior while imprisoned, but can only receive a total reduction to his/her sentence of 15% and that percentage must be served “on the street” under supervision. Technical violations such as failing to report on time, moving without first notifying the probation supervisor, consuming a beer or other minor infractions during the term of supervision subjects the probationer to a return to prison and serving out the “good time” they earned while incarcerated. In essence, once convicted an offender must serve their entire sentence, regardless of behavior.

Finally lawmakers who pushed for harsher laws - abolishing parole, mandatory sentencing and mandated life sentences without the possibility of parole - did not consider the long term impact of those changes in our laws. Putting people away for exceptionally long terms, many disproportionate to the offense(s) committed has resulted in an increase in the number going into prison and a decrease in those released. Logic informs that with numerous measures available to imprison and a limited availability for release, prison populations must continue to grow exponentially.

Included in this increased growth segment are elderly offenders that in 2007 made up roughly 15% of those incarcerated. This equates to approximately 360,000 prisoners who are forty-five years or older (as of 2007).

In a 2004 report, the National Institute of Corrections estimated the annual cost of incarceration is "\$60,000 to \$70,000 for each elderly inmate compared with about \$27,000 for others in the general population."<sup>9</sup> Part

Figure 2: Percentage of total prison population, ages 45 years and over, 1999 to 2007

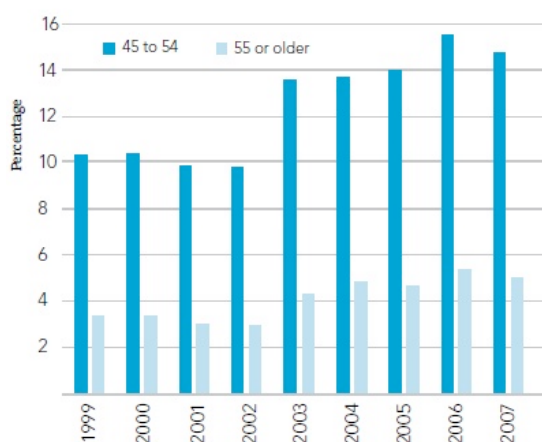


Chart 7.1

<sup>9</sup> <http://www.vera.org/download?file=2973/Its-about-time-aging-prisoners-increasing-costs-and-geriatric-release.pdf>

of this is due to rising health-care costs in general; part of it is due to the fact that stresses of prison life and the poverty that often precedes it wear even more harshly on older people. Although most 45-year-olds are not considered elderly, the aging process appears to accelerate for people who are incarcerated<sup>10</sup>.

Using the figures from 2007 and the costs from 2004 which are the latest available, we find that for the 360,000 inmates 45 years of age or older who are incarcerated, the combined annual expense for keeping them incarcerated is \$23.4 billion compared to \$9.7 billion for an equal number of younger inmates. Of the overall costs attributed for incarceration in 2007 (\$65 billion) the increased costs for elderly inmates represented \$13.7 billion or roughly 23% of the total cost of incarceration. Even taking into consideration the total costs of incarceration include jail as well as prison, the outcome is the same; as elderly prisoners must first be cared for in jail before prison and their needs are the same regardless of housing. State governments pay all housing costs which significantly



Source: By Gene Blythe, AP

increase as a prisoner ages. Inmates are unable to apply for Medicare and Medicaid<sup>11</sup>. Most Departments of Correction report spending more than 10 percent of the annual budget on elderly care<sup>12</sup>.

Justice Department statistics show that the number of inmates in federal and state prisons age 55 and older shot up 33% from 2000 to 2007, the most recent year for which the data is available. That exceeds the 9% overall prison population growth considerably.

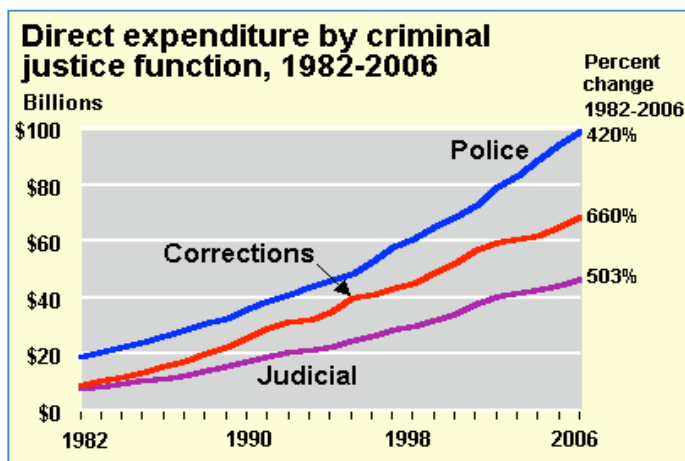


Chart 9. 1

<sup>10</sup> B. Jaye Anno et al., *Correctional Health Care: Addressing the Needs of Elderly, Chronically Ill, and Terminally Ill Inmates* (Washington, DC: U.S. Department of Justice, National Institute of Corrections, 2004).

<sup>11</sup> In the current economy some states are now considering Medicaid as a means of reducing inmate medical costs.

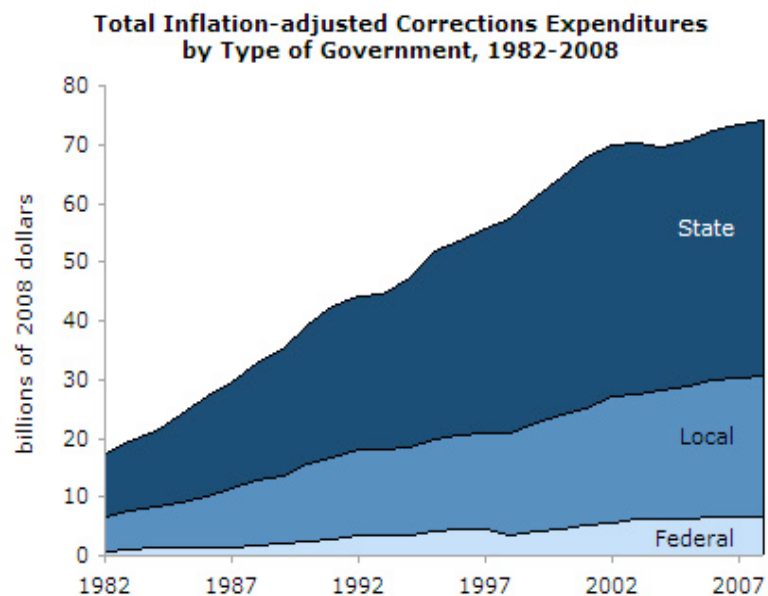
<sup>12</sup> Aday, Ronald H. (2003). *Aging Prisoners: Crisis in American Corrections*. Praeger.

This trend is particularly pronounced in the South, which has some of the nation's toughest sentencing laws. In 16 Southern states, the growth rate has escalated by an average of 145% since 1997, according to the Southern Legislative Conference<sup>13</sup>.

This growth of elderly inmate populations in southern states is doubly damaging to state budgets, as most privately run prison facilities in the U.S. are in the Southern and Southwestern states<sup>14</sup>. Historically private prison companies are able to select those inmates they will accept for housing in their facilities and they refuse those inmates with long histories of poor or dangerous behavior and those inmates who are elderly, infirm or have special medical needs.<sup>15</sup> Thus these inmates are kept in state facilities with higher costs absorbed by the taxpayer.

Many have been calling upon states to release elderly offenders who have spent sometimes as much as twenty five years in prison. They are less likely – and less capable – of being a danger to society or their communities. Even former Governor Jeb Bush of Florida recently urged Florida's new Governor, Rick Scott to release elderly offenders and reduce the huge costs to taxpayers for continuing to incarcerate this group of inmates that represent little danger to society<sup>16</sup>.

This group or segment of prisoners represents the highest cost per inmate to taxpayers. These costs could be saved by legislation enacted to allow for releasing many of those prisoners or transferring them to assisted living facilities or retirement homes. Even if paid for with tax dollars the costs would be less than keeping them in prison and paying for their medications, treatments and the cost of 24/7 supervision and security.



CEPR analysis of BJS data

Chart 9.2

<sup>13</sup> [http://www.usatoday.com/news/nation/2007-09-29-aging-inmates\\_N.htm?csp=34](http://www.usatoday.com/news/nation/2007-09-29-aging-inmates_N.htm?csp=34)

<sup>14</sup> See map 10.1 on page 12, *infra*.

<sup>15</sup> [http://www.nytimes.com/2011/05/19/us/19prisons.html?\\_r=2&ref=us](http://www.nytimes.com/2011/05/19/us/19prisons.html?_r=2&ref=us)

<sup>16</sup> <http://www.lasvegassun.com/news/2011/aug/24/us-scott-bush-emails/>

## Prison Privatization

Though there are numerous companies involved in private prison operations, two of the main companies involved in private prison operations are Corrections Corporation of America (CCA) and Geo Group. In 2009 these two corporations cumulatively realized gross earnings of \$2.9 billion<sup>17</sup>. The costs of incarceration to taxpayers have increased from under \$8 billion per year in 1982 to more than \$70 billion by 2007. This represents an increase of at least 660% as shown by the chart below.<sup>18</sup>

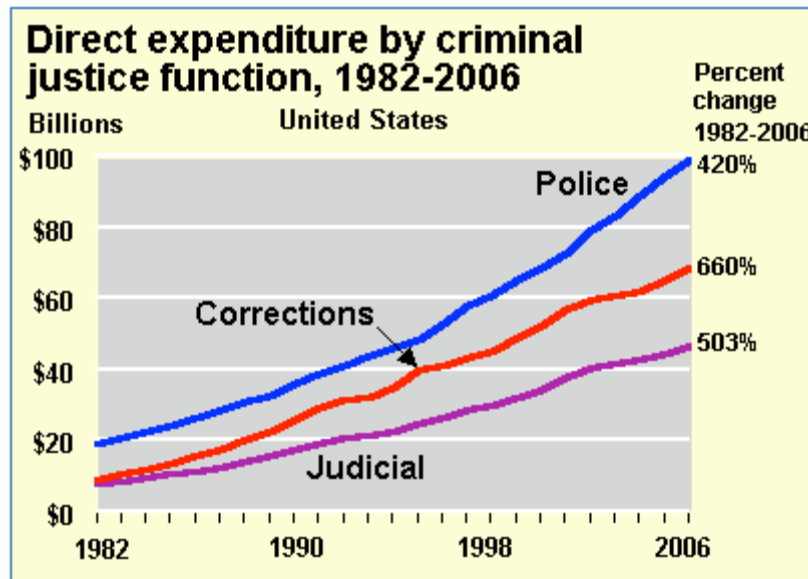


Chart 10 – Source: U.S. Bureau of Justice Statistics

Prisons have become big business over the last thirty years. Many realized that along with the explosion in incarceration there would be an increased need for housing of those imprisoned and they saw this as an opportunity to pursue lucrative contracts to operate privatized prison facilities<sup>19</sup>. This would allow private sector access to the billions of tax dollars being spent on incarceration.

In 1984 the first state prison facility was privatized with a contract between Corrections Corporation of America (CCA) and Tennessee. Over the past twenty five years privatized facilities owned, operated or leased by CCA and Geo Group have increased to 264 with more than 100,000 state and federal prisoners held within these privately run prisons.

<sup>17</sup> <http://thinkprogress.org/justice/2011/06/23/251363/cca-geogroup-prison-industry/>

<sup>18</sup> [http://en.wikipedia.org/wiki/Incarceration\\_in\\_the\\_United\\_States](http://en.wikipedia.org/wiki/Incarceration_in_the_United_States)

<sup>19</sup> Source: Bureau of Justice Statistics

Many prisoners from Hawaii and Alaska are transported to the lower 48 and housed in private prisons on the “mainland” far from family and community connections. This presents obvious drawbacks to successful reentry through maintaining contact between inmates and their family, friends and communities.

The majority of these private prison operations are found in Southern and Southwestern states as shown by this map of private prisons in the U.S. provided by Google.

From these maps and figures provided the growth of prison privatization and the costs of



Map 10.1



Map 11.1

incarceration can be seen and easily determined to be growing at a relative pace. The increases in number of prisoners housed in private prison facilities has increased more quickly than the growth in private run state prison facilities.

Once private corporations were allowed to begin operating privately run prisons housing state and federal prisoners, that opened the door to other privatization; food service, canteen and commissary sales, inmate

banking accounts, prisoner healthcare, phone service contracts, transportation of prisoners and operation of prison industries. An entire cottage industry has developed that provide products and services to federal, state and private prison operations; chemical sprays, modular cells, key and lock systems, perimeter fencing, alarms, ground and visual sensors, razor wire products, manufacturing and sales of GPS monitoring devices, GPS monitoring services by private companies, restraints and a myriad assortment of other products and services. As stated previously, the prison industry market today totals \$34.4 billion in revenues and represents a prison industry growth of 9.1% from 2000 through 2011<sup>20</sup>.

With this kind of return on investment from incarceration it is easy to understand why there is so much interest and investing in stocks related to privately run prison facilities and peripheral businesses profiting off of imprisonment. The profit generated from prison privatization is so great that many of those elected and chosen to enforce our laws have succumbed to the greed and easy money offered them from profiteers involved in prisons operations.

Two Pennsylvania judges were indicted and convicted for conspiring to close a county operated juvenile facility in Luzerne County, PA. and replace it with a facility built and owned by a private prison company. Once in place, these two judges sent hundreds of juveniles to that facility and received kickbacks from facility owners. Many of the juveniles had committed petty and non-criminal acts that resulted in their being incarcerated for months or in some cases, years.

Judge Mark A. Ciavarella Jr. was sentenced to twenty eight years in federal prison for his part in the scheme. Fellow judge, Michael T. Conahan received 17 ½ years. This PA. case represents only the latest in a long line of public and elected officials who have lost their way and wound up in prison or disgraced due to the vast wealth that is dispensed by companies operating privatized facilities and contracts.

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<sup>20</sup> <http://www.nuwireinvestor.com/articles/the-10-fastest-growing-industries-57192.aspx>



## Prison Industries and Inmate Labor

Many companies are now directly involved in some form of profiting off of incarceration or the labor of inmates. Since 1980 when there was only one prison industry operating as a privatized entity, there are now thirty eight states and at least five county jails with privatized prison industry productions or factory operations.<sup>21</sup> Together state and federal factories now number over three hundred nationwide with between six hundred thousand and one million inmates working in some form of manufacturing or services.<sup>22</sup> Hundreds of companies using inmate labor for manufacturing, services and other duties are now partnered with these operations. This is done under the federal Prison Industries Enhancement Certification Program (PIECP) under 18 USC 1761(c).<sup>23</sup>

Clearly companies, businesses and corporations have become heavily invested in, and dependent upon incarceration for cheap labor and profit. In 2009 total sales of prisoner made products totaled \$2.4 billion.<sup>24</sup> Some research places that figure as high as \$5 billion and this is in addition to the “prison industry” figure of \$34 billion used previously. Actual sales of PIECP products are not turned in or maintained by the BJA or the NCIA. Of the \$2.4 billion they claim in overall annual sales, no one has records showing what percentage were sales of PIE products.

Under the 1979 PIECP Guideline (18 USC 1761(C) et seq., provisions and requirements were put in place to allow partnerships between state prison industry operations and private sector manufacturers, businesses and companies. These partnerships allow access to prison labor by participating private companies as a means of manufacturing products sold on the open markets in the U.S.

PIECP was originally intended to allow for training of inmates on contemporary equipment, using modern technologies to provide them with adequate and necessary training to better enable ex-offenders to become employed upon release and thus avoid recidivating.

Obviously legislative intent in establishing PIECP was to allow training of inmates through manufacture of goods and products as long as there was no disruption of labor or unfair competition with/against private sector companies providing the same products or services, and wage scale/rates were comparable between prisoner and non-prisoner labor. This was described by legislators in 1979 as providing a “level playing field” between prison and non-prison manufacturing. Over the years this has changed and now the intent appears to be one of profiting rather than training.

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<sup>21</sup> <http://www.nationalcia.org/wp-content/uploads/2008/05/qtr0211certlist.pdf>

<sup>22</sup> <http://www.nypl.org/blog/2011/04/12/prisoners-rights-nypl-correctional-services>

<sup>23</sup> <http://www.nationalcia.org/wp-content/uploads/2008/09/pie-final-guideline.pdf>

<sup>24</sup> [http://www.dlc.org/ndol\\_ci.cfm?kaid=108&subid=900003&contentid=255055](http://www.dlc.org/ndol_ci.cfm?kaid=108&subid=900003&contentid=255055)

In 1995 lobbyists representing the National Correctional Industries Association (NCIA) succeeded in lobbying the DOJ to privatize oversight of PIECP and turn over the duties held by the BJA to the NCIA. A federal taxpayer grant of \$1.25 million was provided to pay the NCIA for assuming the duties of maintaining and overseeing PIECP. For the past sixteen years now, the NCIA has continued to provide oversight and compliance reviews of PIECP and provide policy determinations as well.

The NCIA describes itself as:

*“The National Correctional Industries Association (NCIA) is an international nonprofit professional association whose members represent all 50 state correctional industry agencies, Federal Prison Industries, foreign correctional industry agencies and city/county jail industry programs. Private sector companies that work in partnership with correctional industries both as suppliers/vendors and as partners in apprenticeship and work programs are also members.*

*“NCIA provides many services that are designed to support professional development of correctional industries personnel at all levels. Through an annual national training conference, regional and local workshops, a comprehensive website and informative publications, NCIA keeps the field abreast of emerging technology, sales and marketing techniques, reentry strategies, the legislative climate, and the many success stories experienced every day by those associated with correctional industries.*

*“In addition, NCIA administers the Training and Technical Assistance Project of the Private Sector/Prison Industry Enhancement Certification Program (PIECP) for the U.S. Department of Justice, Bureau of Justice Assistance. Activities under the PIECP grant program include: conducting reviews of PIECP programs and cost accounting center; providing technical support to PIECP applicants and programs via electronic means and our website.”<sup>25</sup>*

As shown by the foregoing self-description, the NCIA is a trade organization established to benefit those involved in prison industries. The NCIA Board represents a makeup of authorities representing state prison industries, shippers, vendors and suppliers providing raw materials, parts and goods to the prison industries and those partnered with prison industries under PIECP.<sup>26</sup>

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<sup>25</sup> [http://www.nationalcia.org/?page\\_id=24](http://www.nationalcia.org/?page_id=24)

<sup>26</sup> [http://www.nationalcia.org/?page\\_id=12](http://www.nationalcia.org/?page_id=12)

Since the NCIA took over compliance and policy determinations, reviews and investigations, there have been numerous changes to the way PIECP is operated. For instance, inmates no longer receive the “prevailing wages” called for by the federal statute. The NCIA lobbied for policy changes that allow prison industries to pay inmates “state or federal minimum” wages for their labor. They also lobbied for a change that determined the maximum “prevailing wage” paid to inmate workers be set at the tenth percentile for all job descriptions (this translates to the inmate top wage being set where under the best of circumstances, 90% of civilian workers with identical jobs earn more than the inmates for the same duties).

A “resolution” passed by the NCIA regarding wages paid to inmates<sup>27</sup> concludes: ***“inmates are not employees and are not entitled to minimum wage by specifically excluding prison and jail inmates.”*** This position held by the organization chosen to oversee and determine policy for a sensitive and important federal program presents an obvious level of conflict.

An analysis of the PIE program operated in Florida will serve as an example of why the program is not working as designed. Instead of providing the training and reduction in recidivism sought, PIE has become a primary source of cheap labor for industry – private and public.

In Florida the state’s prison industry program is operated by Prison Rehabilitative Industries and Diversified Enterprises (PRIDE). This is a private non-profit corporation operating as a tax exempt 501 (c)(3) charity. Since 1981 it has had full control over all prison industry operations in Florida through legislative mandate. In the 80’s and 90’s approximately 8% of the overall inmate population was employed in PRIDE’s industrial training program. Today there are 102,232 inmates in Florida prisons (June 2010 report) and of that number an average of 2,000 inmates work in the PRIDE program. Between 1987 and 2010 the inmate population increased from 32,764<sup>28</sup> to 102,232 – or 312%. During that same window PRIDE’s inmate workforce declined from 8% to 6% by 1989<sup>29</sup> and today it hovers at 1.6%<sup>30</sup>.

During the same period PRIDE experienced substantial sales and profits of as much as \$85 million<sup>31</sup> for fiscal year 1984-85, \$78.9 million in 2007,<sup>32</sup> \$74 million<sup>33</sup> in 2008 and 2009<sup>34</sup> and \$64 million in 2010.<sup>35</sup>

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<sup>27</sup> <http://www.nationalcia.org/wp-content/uploads/2008/08/fair-labor-standards-act.pdf>

<sup>28</sup> <http://www.dc.state.fl.us/pub/annual/9596/stats/ip1.html>

<sup>29</sup> <http://www.independent.org/issues/article.asp?id=472>

<sup>30</sup>

[https://www.box.net/services/ipaper\\_by\\_scribd/102/577573344/file\\_id\\_hash/FL\\_governor\\_elect\\_team\\_report\\_on\\_DOC\\_and\\_PRIDE\\_2010\\_pdf/api/u2bzhsvhc2ulb69ntc9m727r4cl35gpu/shared/m0f5b6uvuh/?name\[\]=&value\[\]=&node\\_type=file&local\\_connection\\_id=local\\_connection\\_597345097](https://www.box.net/services/ipaper_by_scribd/102/577573344/file_id_hash/FL_governor_elect_team_report_on_DOC_and_PRIDE_2010_pdf/api/u2bzhsvhc2ulb69ntc9m727r4cl35gpu/shared/m0f5b6uvuh/?name[]=&value[]=&node_type=file&local_connection_id=local_connection_597345097)

<sup>31</sup> [http://www.lao.ca.gov/1996/043096\\_pia/pb042996.html](http://www.lao.ca.gov/1996/043096_pia/pb042996.html)

<sup>32</sup> <http://www.pride-enterprises.org/about/history.html>

<sup>33</sup> [http://www.pride-enterprises.org/about/2008\\_PRIDE\\_financials/2008.html](http://www.pride-enterprises.org/about/2008_PRIDE_financials/2008.html)

<sup>34</sup> [http://www.pride-enterprises.org/about/2009\\_PRIDE\\_financials/2009.html](http://www.pride-enterprises.org/about/2009_PRIDE_financials/2009.html)

For the given years Florida's inmate population increased sharply, the PRIDE inmate workforce declined sharply yet annual sales of products made by those inmates remained relatively static. This prohibited more inmates being trained, while allowing for continued profits. This matrix indicates a corporate conversion from the actual required operating mission of training - to one of profit earnings.

This conclusion of a dedication to profits rather than training is supported by the fact that PRIDE (as practiced in most other state prison industries) utilizes inmates serving lengthy terms including life without parole in this "training" program. In 2010 when the current Florida Governor, Rick Scott was elected, his "Law and Order" Transition Team evaluated PRIDE and found that of their 1,655 inmates that completed training that year, 16% (264 inmates) were serving life sentences, 28% (463 inmates) were serving 10 years or more.<sup>36</sup> This policy of hiring and maintaining lifers and inmates serving long sentences in a rehabilitative "training" program to assist prisoners when released, defeats the purpose or mission of the program. With nearly half the inmate workforce having years left on their sentences –or who will never be released – the "training" received has little opportunity to be used, and is at odds with program intent.

In 2010 the FDOC released 37,391 inmates back to their communities.<sup>37</sup> Of that number, 650 inmates had participated in PRIDE training.<sup>38</sup> The percentage of released inmates benefiting from PRIDE's training was just under 1.8%. Of the total number of trained inmates released, 57% (370) were placed in jobs paying \$9.71 per hour and after six months 71% (263) of that group were still employed. This information demonstrates that 0.7% of the total inmates released in Florida in 2009 actually benefited from training provided by PRIDE. Yet PRIDE proclaims this minimal number of inmates successfully finding employment upon release – with their assistance – is an acceptable rate of success. With a static recidivism rate of 40% nationally<sup>39</sup> the impact upon that rate from this training is less than negligible – and unacceptable.

With similar numbers of releases and low employment rates nationally it is obvious using prison industry training programs as a reentry tool in an attempt to reduce recidivism, is an utter failure. In 2010 a total of 708,677 prisoners were released from state and federal prisons<sup>40</sup>. Even doubling Florida's "success" rate published by PRIDE to 1.5% and applying that percentage

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<sup>35</sup> [http://www.pride-enterprises.org/about/2010\\_PRIDE\\_financials/2010.html](http://www.pride-enterprises.org/about/2010_PRIDE_financials/2010.html)

<sup>36</sup> [https://www.box.net/services/ipaper\\_by\\_scribd/102/577573344/file\\_id\\_hash/FL\\_governor\\_elect\\_team\\_report\\_on\\_DOC\\_and\\_PRIDE\\_2010\\_pdf/api/u2bzshvch2ulb69ntc9m727r4cl35gpu/shared/m0f5b6uvuh/?name\[\]=&value\[\]=&node\\_type=file&local\\_connection\\_id=local\\_connection\\_597345097](https://www.box.net/services/ipaper_by_scribd/102/577573344/file_id_hash/FL_governor_elect_team_report_on_DOC_and_PRIDE_2010_pdf/api/u2bzshvch2ulb69ntc9m727r4cl35gpu/shared/m0f5b6uvuh/?name[]=&value[]=&node_type=file&local_connection_id=local_connection_597345097) (pg. 5)

<sup>37</sup> [http://www.dc.state.fl.us/pub/annual/0809/stats/im\\_release.html](http://www.dc.state.fl.us/pub/annual/0809/stats/im_release.html)

<sup>38</sup> [http://www.pride-enterprises.org/about/2009\\_PRIDE\\_AR/2009.html](http://www.pride-enterprises.org/about/2009_PRIDE_AR/2009.html) (pg. 11)

<sup>39</sup> [http://www.pewcenteronthestates.org/uploadedFiles/Pew\\_State\\_of\\_Recidivism.pdf](http://www.pewcenteronthestates.org/uploadedFiles/Pew_State_of_Recidivism.pdf)

<sup>40</sup> <http://bjs.ojp.usdoj.gov/content/pub/pdf/p10.pdf>

to prison industries and the number of released prisoners, only an estimated 10,630 inmates experienced any benefit from industry training/work and remained free up to 6 months after release.

What was a success were sales and profits generated from the labor of inmates. In 2009 sales of prisoner made products totaled \$2.4 billion dollars.<sup>41</sup> Within the PIE program are hundreds of private sector companies accessing inmate labor for production and customer service needs. Currently the NCIA lists 203 factory operations employing 4,868 inmates.<sup>42</sup> This workforce generated hundreds of millions of dollars for the industries and the companies partnered with them. NCIA documents used to obtain the number of inmates working also provides information on gross wages paid, taxes and deductions taken from earned inmate wages<sup>43</sup> over the entire period the PIE program has been operating (in millions of dollars):

Gross Wages	Victims Programs	Room & Board	Family Support	Total Taxes	Mandatory Savings	Total Deductions	Net Wages
\$587	\$58	\$175	\$37	\$74	\$31	\$243	\$343

The same report provided information that in 2010 PRIDE's President and two top lobbyists received \$521,000 plus expenses and 56 employees were paid more than \$50,000 per year. Contrast those salaries and compensation to that of other state employees:

<b>Governor</b>	<b>\$130,273</b>
<b>Secretary of Corrections</b>	<b>129,245</b>
<b>Average State Career Service</b>	<b>\$34,651</b>
<b>Average All State Personnel</b>	<b>\$38,540</b>

The inmate workforce of PRIDE that same year received between \$.20 and \$.55 per hour for their labor (PIE wages are higher). In 1983 when PRIDE began paying inmates for their work the rates were between \$.15 and \$.45 per hour. Over a twenty eight year span prison workers experienced a wage increase of \$.05 to \$.10 cents an hour while PRIDE executive staff saw an average wage increase of 14% per year<sup>44</sup> from increasing sales and profits.

The earnings paid to prison industry administrators and corporations from prison industry operations, demonstrates the vast amount of money taken in from the sale of prison made goods and converted into nearly obscene salaries and bonuses out of the profits. On the other hand the low number of inmates claimed to be employed in the PIE Program coupled with the small wages paid to them dispute claims that prison industries are "all about training offenders to prepare them for successful reentry upon release."

<sup>41</sup> [http://www.dlc.org/ndol\\_ci.cfm?kaid=108&subid=900003&contentid=255055](http://www.dlc.org/ndol_ci.cfm?kaid=108&subid=900003&contentid=255055)

<sup>42</sup> <http://www.nationalcia.org/wp-content/uploads/2008/05/qtr0311certlist.pdf>

<sup>43</sup> <http://www.nationalcia.org/wp-content/uploads/2008/05/qtr0311cumulative.pdf>

<sup>44</sup> <http://www.docstoc.com/docs/69158045/FL-IG-Pride-Audit>

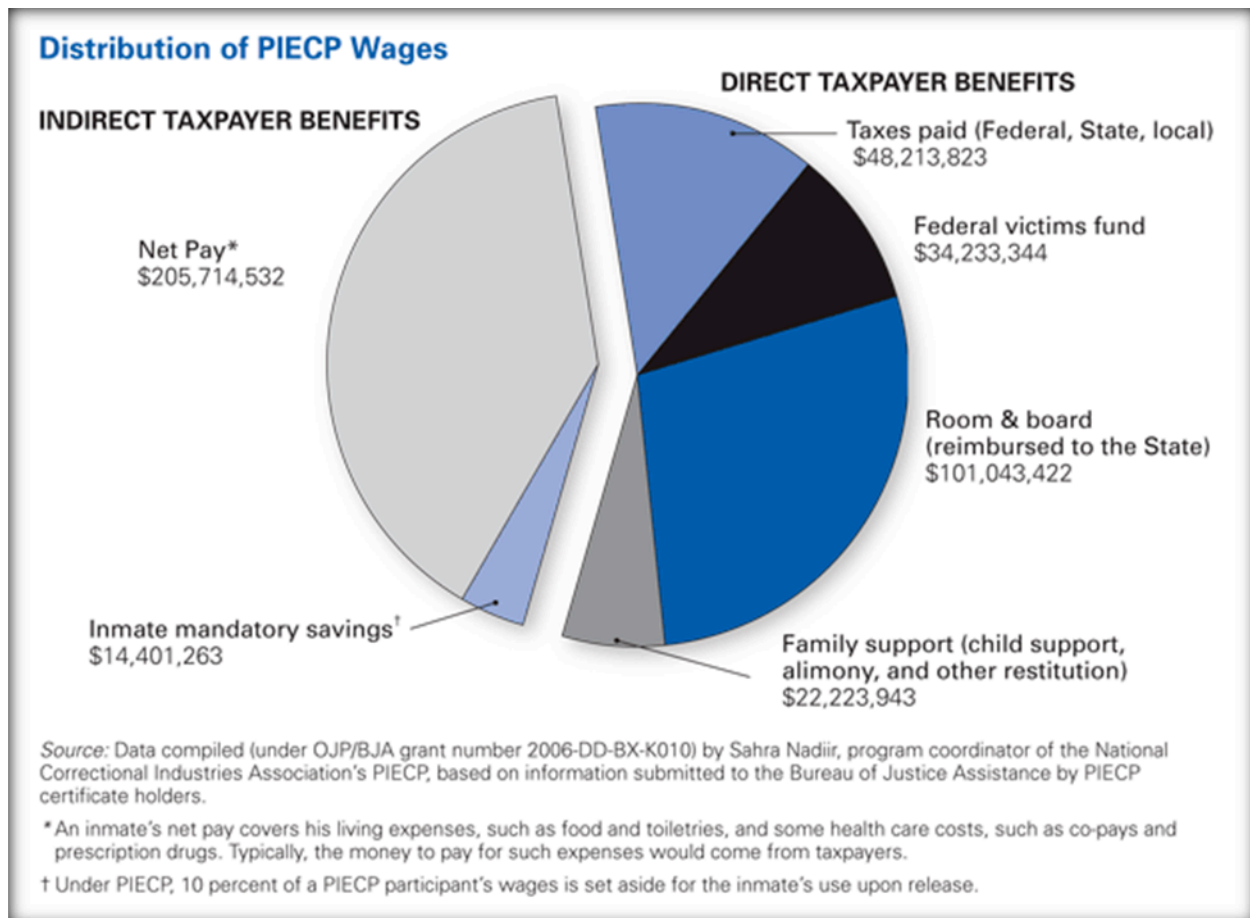
The problem begins with prison administrator's decision to operate the PIE Program industries in a manner closely "mirroring private sector manufacturing" conditions on the outside. The pursuit for profits in private sector business through smaller workforces, lower wages and reduced overhead have been applied to the prison industry. The end result is that prison made goods bring the same or equal price of non-prison made products upon our public and private markets, with those participating in PIECP having a distinct advantage over their competitors in those markets. This advantage is realized through; taxpayer subsidized utilities, facility leases for as little as \$1.00 per year, low wages paid to inmate workers, no paid vacations, no time off, no medical or health benefit requirements and tax credits for employing "high risk" employees. In addition the workforce must show up for work (or go to confinement) and risk losing gain time (toward early release) if they refuse to take an assigned job in a prison industry.

It isn't just inmates who are exploited by these industries. Taxpayers are exploited as well. Most state prison industry operations are required to be self-sustaining and do not rely upon taxpayer money to operate. Out of the sale of goods the industry is allowed to take deductions for taxes, victim restitution, room and board, family support and for mandatory savings account for release. Out of the meager wages paid, inmates get to keep between 20% and 35% deposited into their accounts to spend.

The room and board deduction can be taken from the gross wages of prisoners at a rate established by the chief state correctional officer (in Florida this rate is set at 40%). A requirement that must be met if a state chooses to take these room and board deductions is to use those funds to "offset the costs of incarceration borne by the taxpayer(s)."

The below chart from the OJP/BJA as reported by the NCIA, "*Distribution of PIECP Wages*" shows the breakdown of wages paid to inmates and clearly shows that in 2006 a cumulative total of deductions taken from inmate wages for room and board was \$101 Million dollars plus. However these figures are erroneous – and the DOJ and BJA are aware of this. They are in error because many states that take deductions out of inmate wages to reimburse taxpayer costs for inmate care, is diverted back to the prison industry itself.





In 2009 the Minnesota state Auditor performed an audit of Minncor – the state prison industry. The audit revealed that Minncor had been underreporting wages paid to inmates in the PIE Program. This was done by taking out as much as \$1.5 million per year from worker's wages for room and board and turning that money over to MN. DOC authorities to supplement the costs of incarceration paid for with tax dollars. Instead of using the money to subsidize operations, the DOC returned that money (each year) to Minncor.<sup>45</sup>

The audit determined that when paying the money to the DOC Minncor claims that money as an expense under "purchased services". When they receive the money back from the DOC, it is reported as "other income". Through this manipulation the taxpayers have lost between \$1.2 and \$1.5 million dollars per year – possibly since Minncor joined the PIE Program in 1985.<sup>46</sup> This diversion back to Minncor skews the "Room & Board" figure in the above chart since millions counted as going to the state actually are returned to the prison industry as income, effectively laundering more than \$1 million dollars of taxpayer money a year.

<sup>45</sup> <http://www.auditor.leg.state.mn.us/ped/pedrep/minncor.pdf> (pg's 32-33)

<sup>46</sup> <http://www.nationalcia.org/wp-content/uploads/2008/05/qtr0311certlist.pdf>

Florida has a similar manipulation. Under the same circumstances PRIDE withholds 40% of all PIECP wages as Room and Board expenses. They too turn that money over to the state by depositing it into a Prison Industries Trust Fund established for that purpose. **946.523 Prison industry enhancement (PIE) programs.**— reads in part:

(1) The corporation may operate or contract with the private sector for substantial involvement in a prison industry enhancement (PIE) program that includes, but is not limited to, contracts for the operation of a direct private sector business within a prison and the hiring of inmates. ***Any contract authorized by this subsection must be in compliance with federal law governing inmate work programs*** and must not result in the significant displacement of employed workers in the community. The purposes and objectives of this program are to:

(a) *Increase the benefits to the general public by reimbursing the state for a portion of the costs of incarceration.* (emphasis added)

However the statute creating the Trust Fund - **946.522 Prison Industries Trust Fund.**— specifically restricts any deductions from that fund except by PRIDE – not Florida taxpayers or the FDOC, and used to offset costs of incarceration:

(1) The Prison Industries Trust Fund is created, to be administered by the Department of Financial Services. ***The trust fund shall consist of moneys authorized to be deducted pursuant to 18 U.S.C. s. 1761(c) and the applicable federal guidelines,*** to be appropriated by the Legislature, and moneys deposited by the corporation authorized under this part to manage and operate correctional work programs. The ***appropriated funds shall be used by the corporation for purposes of construction or renovation of its facilities or for the expansion or establishment of correctional work programs as described in this part or for prison industries enhancement (PIE) programs as authorized under s. 946.523.***

(2) The ***funds*** must be deposited in the State Treasury and ***may be paid out only on warrants drawn by the Chief Financial Officer upon receipt of a corporate resolution that has been duly authorized by the board of directors of the corporation authorized under this part to manage and operate correctional work programs.*** The corporation shall maintain all necessary records and accounts relative to such funds. (emphasis added)

These PIE Program laws were enacted in 2000 and for 12 years have been used to allow PRIDE to deduct 40% from the wages of their workers, deposit those funds into the “trust fund” and then take them back to offset *their* costs of operating the PIE Program. In essence, inmate

workers are subsidizing PRIDE's operations with 40% of their pay. In 2008 then Secretary James McDonough caught this manipulation due to a request from me to investigate PRIDE. McDonough held a seat upon PRIDE's Board and resigned his position with PRIDE upon conclusion of his investigation and asked PRIDE to return the money deducted that should have been turned over to the DOC – and asked that PRIDE be abolished and the prison industries returned to the FDOC. PRIDE refused, claiming they were within state law to keep and use that money. Legislators called for Secretary McDonough to retire rather than return the industry operations over – and he did so within a month.

These two examples show millions of dollars belonging to taxpayers have been taken from inmate wages, reported to the BJA as having been used to offset costs of incarceration, then taken back as profits and used to the benefit of the prison industry program. As the auditor in MN. Stated in the 2009 opinion, this manipulation “understates expenditures and overstates the extent to which it is self-sufficient.” These exemplars clearly show that in at least two states, taxpayers are unknowingly contributing to the cost of prison industry operations – by millions per year.

Obviously the R&B deductions figure provided in the chart from the BJA is overstated by millions.

The foregoing provides a mere glimpse into the overall corruption that has befallen the PIE Program. Another part of this corruptive exploitation is undue political influence by those wishing to profit off cheap inmate labor and tax subsidized facility leases.

In 1999 a corporation was formed to specifically target the PIE Program. US Technologies, Inc. (USXX)<sup>47</sup> and its wholly owned subsidiary, Labor-to-Industry Inc. (LTI) began operations to take advantage of PIECP:

*“U.S. Technologies Inc. (the “Company”), is **engaged directly and indirectly** through its wholly owned subsidiary, Labor-to-Industry Inc. (“LTI”), **in the operation of industrial facilities located within both private and state prisons, which are staffed principally with inmate labor. These prison-based operations are conducted under the guidelines of the 1979 Prison Industry Enhancement (PIE) program.**”*

*“The Company is an “outsourcing company” soliciting manufacturing, assembly, repair, kitting and fulfillment services from Fortune 1000 and other select businesses. **The Company performs its services utilizing prison labor under the Prison Industry Enhancement Program (“PIE”).**” (emphasis added)*

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<sup>47</sup> <http://www.secinfo.com/dsVsf.54Kq.htm>

Individuals comprising the Board of Directors of US Technologies, Inc. included powerful men with political and investment power and position:

- **General Alexander M. Haig, Jr.**, former **Secretary of State** and **White House Chief of Staff**;
- **Honorable George J. Mitchell**, former **Senator from Maine** and **Senate Majority Leader**;
- **Honorable William H. Webster**, former **Director of both the FBI and CIA**.<sup>48</sup>
- **Rick Rickersten**, partner at **Thayer Capital**, a leading investment management firm headquartered in Washington, D.C.;
- **Hal Wilson and Peter Schiff**, Managing Directors of **Northwood Ventures LLC** and **Northwood Capital Partners LLC**, venture capital investment firms headquartered in New York; and
- **Arthur Maxwell**, President of **Affordable Interior Systems, Inc.**, one of the 25 largest commercial furniture manufacturers in the United States.

US Technologies secured a lucrative contract with Wackenhut (now Geo Group) to operate industries in any facility owned or managed by Geo:

"In August 1997, the Company entered into an agreement with Wackenhut Corrections Corporation ("WCC") whereby ***WCC agreed to allow the Company to operate as its "industry partner" in any correctional facility managed by WCC. WCC also agreed to determine the products it purchases from third parties, and to the extent possible, purchase such products from the Company.*** WCC operates 47 corrections facilities in the United States, Australia, England and Canada and is the second largest manager of privatized correctional facilities in the United States. In February 1998, the Company reached an agreement with the states of California and Florida to expand its operations into corrections facilities managed by those states."<sup>49</sup> (emphasis added)

Under this contract UST was to receive other benefits including leases of publicly owned or leased prison facilities:

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<sup>48</sup> <http://www.secinfor.com/dsVsf.54Kq.htm> (pg. 4)

<sup>49</sup> *Infra*, pg. 6

“The Company's wholly-owned subsidiary, LTI operates in a minimum security prison under an agreement with WCC, the Texas Department of Criminal Justice ("TDCJ"), the Division of Pardons and Parole (the "Division") and the City of Lockhart, Texas. The lease on the Lockhart facility provides approximately 27,800 square feet of manufacturing and office space through January 21, 2001, and provides an automatic three year extension unless notification is given by either party at least 6 months prior to the expiration date of the current term not to renew. The amount of square footage may be increased or decreased depending upon the number of prisoners employed. **The lease also provides for annual rental rates of \$1 per year for the primary term and the first renewal term thereafter. Occupancy fees for successive renewal terms shall be negotiated by written agreement of the parties. It is expected that similar operating leases will be executed at other WCC facilities.**

“LTI also operates in a minimum-security prison at Chuckawalla Valley State Prison located in Blythe, California. **The lease on the Blythe facility provides approximately 36,300 square feet of manufacturing and office space through August 31, 2003. The lease also provides for monthly payments of \$726.**

“The facility, which the Company's motorcycle parts operation will occupy, is located in a WCC minimum security prison located in South Bay, Florida. The lease on the South Bay facility provides approximately 20,500 square feet of manufacturing and office space through October of 2006. **The lease provides for annual rental payments of \$1.00.”** (emphasis added)

The formation of UST, the members of the BOD and leasing arrangement of public owned facilities for as little as \$1.00 per year and access to low cost prisoner labor demonstrates how prisoners and taxpayers can both be exploited by willing companies seeking huge returns on “investments”. Successful exploitations as discussed herein is accomplished with the help of current or former high ranking government Directors and politicians who worked in or for the White House or held elected positions of authority within Congress. Through these individuals it became easy for companies such as UST to lobby for more laws with stiffer penalties, longer sentences and abolish parole. Laws requiring technical parole or probation violations were sought – and given – to make such violations punishable by quick returns to prison where companies could profit off of housing and from their labor.

UST was ultimately disbanded and their stock deregistered after UST’s CEO was caught committing fraud involving the company’s stocks.<sup>50</sup> He was sentenced to nine years in federal prison. Today a company registered as OnShore Resources<sup>51</sup> operating at UST’s old address in Lockhart, TX. has assumed UST’s place in “brokering” inmate labor to private companies.

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<sup>50</sup> <http://www.sec.gov/litigation/litreleases/lr18857.htm>

<sup>51</sup> <http://www.onshore-resources.com/about.html>

The U.S. Prison industry is without any real oversight. PIECP has been totally taken over by the NCIA and those operating under the program's umbrella; administrators, material providers and companies accessing inmate labor. They now set policy, have determined prevailing wages are no longer appropriate or required. PIE Program rules are changed on the fly – at the whim of the BOD of the NCIA and approved by the BJA and OJP without any real consideration of the need or reason for the changes or impact upon inmates, taxpayer or private sector companies struggling to compete against a tilted playing field.

Currently there are hundreds of U.S. companies involved in prison industries, making thousands of products that are sold by the tens of millions.<sup>52</sup> Every year more companies find it is easier to submit to the inevitable and move their operations into prisons to experience the low wages, cheap leases and lack of required employee benefits. Each time this occurs, more and more American workers are seeing their jobs disappear, buildings in the private sector sit vacant because businesses that were there moved into a prison industry. Local tax bases are impacted by the loss of revenue on commercial manufacturing, property values decline as more and more buildings sit without use or spendable income from leases.

The drain on our economy is nearly immeasurable as our jobs are turned over to the men and women behind bars. Injury is added to insult when we realize that we taxpayers are using our dollars to house, feed, clothe and provide medical care for hundreds of thousands prisoners working in prison industries. We pay to arrest, prosecute, confine and maintain this workforce in fit condition and healthy so they can be used by companies to amass profits for the company and stock holders. The total real cost in tax dollars for our part in paying for prison industries is hidden in the maze of manipulated ledgers and under the counter deals allowing money to be swapped back and forth. What isn't hidden is the huge overall cost of incarceration, with \$75 billion estimated to be the cost to taxpayers per year in 2010 figures.

The solutions are right in front of us:

1. Enforce PIECP's mandatory requirements fully. Enforce wage, deductions and benefit clauses by the actual statutory language.
2. Withdraw the taxpayer grant to the NCIA for oversight of PIECP. Take back oversight and require the DOJ to properly oversee and enforce the program requirements.
3. Review 18 USC 1761(c) et. Seq. and revise it to disallow companies to use it to disadvantage private sector competing companies. No \$1.00 leases, comparable benefits and actual prevailing wages paid to prison workers and use deductions as intended by Congress.

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<sup>52</sup> See list of companies verified to be using prison industries for manufacturing or services in appendix.



4. Craft products that inmates can make that are used by prisons and state departments and agencies. Stop the manufacture of products that compete on the open markets and take jobs out of the private sector markets.
5. Use prison labor to manufacture products needed by those on government subsidized programs or utilizing housing assistance; clothing, hygiene items, food, shoes, boots, cleaning supplies, walkers and/or ambulatory devices for the elderly on assistance. There are literally thousands of products those on assistance need and could be supplied by prisoners working in industries – on behalf of society not corporate profits.

To close I would emphasize point #5 above by quoting from Rep. Barney Frank's statement given at a Congressional hearing on expanding prison industries in 1999:<sup>53</sup>

*"I think we should be actively looking at taking products that are made by prisoners and finding ways to give them away in parts of the world, including this country, where there wouldn't be competition.*

*"We have had an analogy of that in surplus food distribution in the past. That is, we do know there are some submarket sectors, and I think the rehabilitative work would be just as well done if the prisoners made the things they made and we then very diligently searched for ways to give these to people, to refugees, to others, who would need that. That would allow us to get the rehabilitative benefit of prison work without having the unfair impingement on working people, small businesses, and working men and women.*

*"Now this might deprive the taxpayers of something, of some revenue, but I think, again, we have to separate that out. To the extent that the benefit to all of us occurs, because we reduce recidivism by the prisoners working, then that cost ought to be fairly borne by the whole society, not disproportionately by those small business people or medium-size or big business people hiring workers who happen to be competed with. In other words, we've got an unfair subsidy now in which people in some sectors of the economy are forced to subsidize prison labor, and the rest of us get a free ride on that. I think we should be separating these out.*

*"One, what should people do when they are in prison? Should they be constructively engaged? And I think that's a good idea. Two, should the*

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<sup>53</sup> [http://commdocs.house.gov/committees/judiciary/hju58956.000/hju58956\\_0F.htm](http://commdocs.house.gov/committees/judiciary/hju58956.000/hju58956_0F.htm)

*Federal Government try to recover some of the money from that by selling the products they make in ways that undercut what people are making in the private sector? And I think that is not a good idea in general, particularly since, as I said, I believe we can find places where a lot of this can be given away.*

*“We could survey the private sector of this society, the charitable sector, people who work with people in desperate need, and find out what the demand is for goods of a sort that could be made with the purpose of distributing them in a noncompetitive way and in a charitable way... I think the notion that we will use the prison labor in ways that take away from and unfairly compete with, in fact, the private sector is a mistake, and not at all necessary for the purposes that are put forward.”*

## Appendix i

