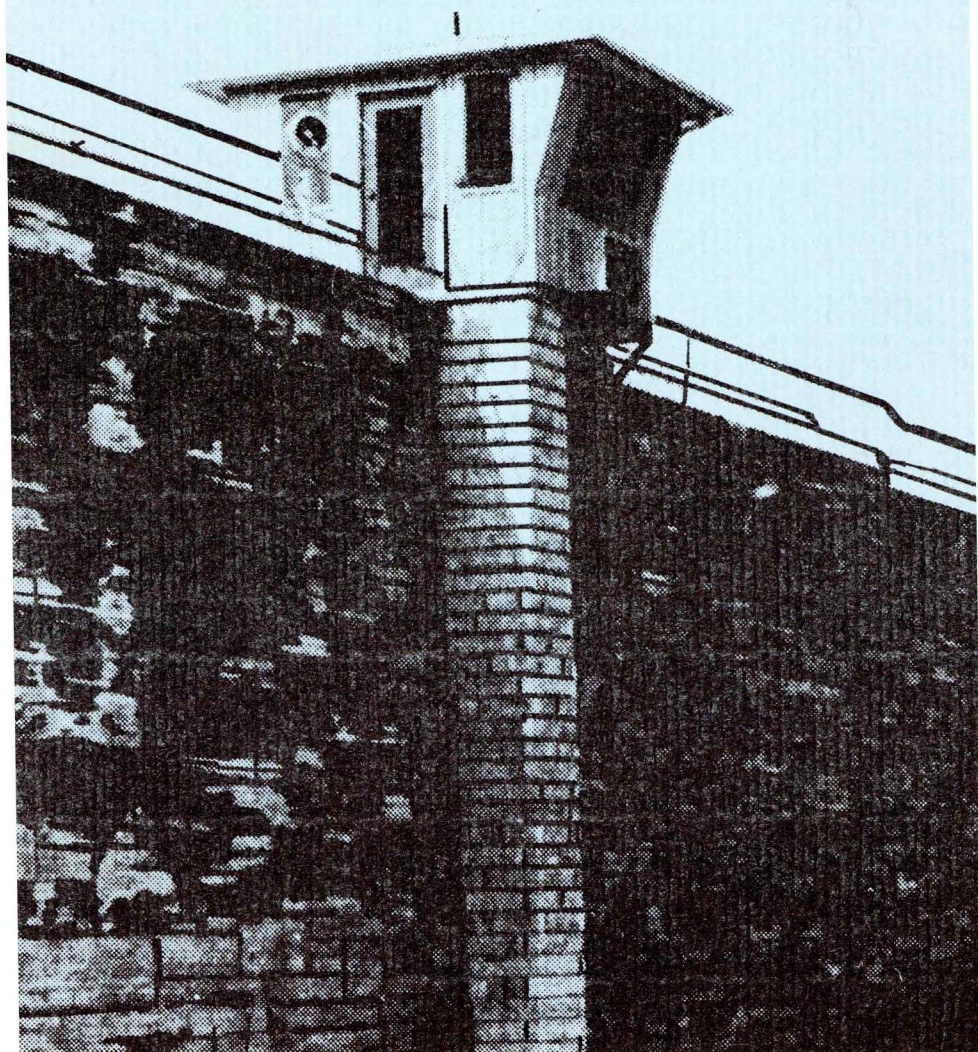


Report To The General Assembly

Prison Industries Advisory Board

January, 1978



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PRISON INDUSTRIES ADVISORY BOARD**

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Iowa State Industries

LEGISLATIVE REPORT

PRISON INDUSTRIES ADVISORY BOARD

INTRODUCTION

In 1977, the 67th General Assembly, responding to the Report of the Advisory Commission on Corrections Relief, established the Prison Industries Advisory Board (PIAB). The desire of the Legislature was to meet the need of providing reality-based, meaningful employment for inmates. This goal has been foremost in the minds of the members of the Board in their deliberations.

The Prison Industries Advisory Board, pursuant to the charge given in HF57, Section 4, Items 1 & 2, submits this Report as developed in consultation with the State Director.

The Board is comprised primarily of persons with little or no background in corrections. Therefore, tours were made at the three institutions where industries are located to see the operations and for extensive discussions with administrative and industries personnel. Mr. Vic Richardson, Administrator of Iowa State Industries, accompanied the Board on all the visits; Mr. Roland McCauley, Director of Adult Corrections, also participated, except at Rockwell City. Four additional meetings of the Board were held prior to the completion of this Report. At one of those meetings the Board heard testimony from the Director of General Services for the State of Iowa, and several representatives from private industry and governmental bodies. In addition, two representatives of the Advisory Board made a two-day visit to the correctional facilities in Minnesota where private industry is operating within the prisons.

CONCLUSION

The Board has developed a good background for exercising its advisory role and an awareness that improving the role of industries is a complex task. Development of further recommendations will require thorough analysis of many factors. The Board will proceed as rapidly as practicable to provide additional suggestions to the Legislature. PIAB members recognize that their work has only started, and that many challenges remain to be resolved in the future.

The Board believes the following information and recommendations have a sound base and they are intended for immediate consideration by the Legislature.

TYPES OF INDUSTRIES TO MAINTAIN

The Board reviewed each existing industry using general criteria, which included market for the products, development of marketable skills, numbers employed, space requirements, personnel with necessary skills or potential to develop those skills.

The Board believes that the following industries definitely should be maintained. In some cases, in fact, expansion should be considered.

● **Sign making:**

This is an outstanding industrial endeavor. The equipment is very modern, the product excellent, and the potential is virtually unlimited. It does need large space allocations, however.

Iowa State Industries is in the process of expanding this work area into the location vacated by the printing division. Other expanded capital outlay of approximately \$75,000 was recently committed for new equipment with the prospect of soliciting used signs from local governmental units for refurbishing. Thirty-eight states now operate sign divisions in their prison industries.

● **Metal furniture production:**

This industry ranked high on all criteria, except that it requires very large space allocation. The Board believes that improvements in marketing, quality control and distribution will make this a very viable industry. The metal furniture division works in conjunction with the furniture division at Ft. Madison in that all metal frames are manufactured at Anamosa and transported to Ft. Madison for upholstering. This industry employs approximately 35 inmates. Throughout the United States 31 states presently are operating this type of industry.

● **Printing:**

The Board members believe that this industry more than adequately satisfies the criteria established by the Board and the intent of the Legislature set out in HF57. A vocational training program is run in conjunction with the industrial endeavor in this shop. The physical space for this program has been expanded because of the quantity of business it receives.

● **Fibersin furniture production:**

The fibersin furniture industry produces a very usable and salable commodity, employs many persons, and provides them

with excellent skills. Some of the equipment is old, but very serviceable. Unfortunately, the space requirements are also very extensive. This industry utilizes metal frames produced by the metal furniture division at Anamosa.

● **Furniture restoration:**

This is a relatively new industrial venture, and there is a need to expand the market. The space requirements for this industry are extensive, and the sales potential still has not been proven over time. However, it appears that it will become a viable industrial activity. It has the added advantage of cross-utilizing some of the space, equipment, and personnel with the fiberesin furniture industry.

● **Garment manufacture:**

Considerable work needs to be done to increase sales and reduce finished product inventory in this industry. The versatility of this shop, however, which would permit modification of product lines, should make it a good program on a long-range basis.

● **Tire recapping:**

Although this industry does not have a history of great profitability, it does appear to have excellent potential. There are jobs on the outside for the inmates who have been engaged in that industry, and if an intensive sales campaign were to be held the Board is confident that the market could be improved. This industry requires considerable space, and its present location is very inadequate. It should not be located on the second floor of the building. This industry also houses a vocational training program.

● **Prisoner Employment Program (P.E.P.):**

This industrial/training activity, while not operated by Iowa State Industries, appears to be a very valuable adjunct to the rehabilitation of inmates. It seems to meet all criteria for continuation, and has the added advantage of not using valuable space within the institutions. It may serve as a model for other ventures.

The Board recommends that the following industries be maintained for the present. There is, however, a need to carefully evaluate them, considering ways in which they can be improved, expanded, or revised. It may be necessary to consider dropping them in the future.

● **Soap industry:**

This industry provides on-going steady employment and develops marketable beginning level skills, but its continuance is threatened by certain provisions of HF57. Corrective legislation is proposed in part V - C of this Report. If this industry is continued, some equipment upgrading is essential.

● **License plate manufacture:**

This is an excellent industrial activity. However, the issuing of license plates only on an occasional basis is very detrimental. No industry, public or private, can be viable in a market that exists only one year in every six. For 1978, this industry can prosper and provide meaningful employment for substantial numbers of inmates. Beyond that year, however, some other solution must be found.

● **Dry cleaning:**

The only real justifications for this industry's existence are that it provides the institutions with a real service, is a fringe benefit for employees, uses very little space, and operates at a break-even point. Very few inmates are employed in the industry, and there is relatively poor employment potential for them on their release from the institution.

WHETHER TO MAINTAIN SECTION 8, MANDATORY PURCHASES

Several factors needed to be studied. The Board concluded that there were seven positive aspects of this Section of the Act:

Guaranteed market

Excellent potential for future markets

Generally diverse product demand, therefore potential for diversity of industrial ventures

Well defined customers

Makes economic sense to taxpayers

Stable employment

Reduces need to add to sales force.

The Board is concerned about four negative factors:

Potential volume is greater than existing capacity

Limited product variety

Possibility of low quality

Some objections stated by external organizations and

associations.

Recommendation: This Section simply clarifies an existing statute (246.23). Furthermore, potential state agency customers are protected by the limits of Iowa State Industries to meet requirements of quality, price, and delivery, and they have a specific appeal procedure that is workable. Therefore, the Prison Industries Advisory Board recommends that Section 8 of HF57 be maintained in its present form.

OTHER RECOMMENDED CHANGES TO HF57

The Prison Industries Advisory Board feels that other changes need to be made to HF57 to make it workable.

1. Delete from Section 1, 1st paragraph: "at wages commensurate with those paid persons employed in similar jobs outside the correctional institutions." Reasons for the deletion are:

- It is too definitive.
- Wages are not a motivator per se.
- Work policy, rules and climate, which are interrelated with wages, cannot be the same as in private industry.
- There are potentially serious problems with significant wage differential between industries and other work groups.
- Money needs are recognized in objective 2.

2. Add, to Section 10, after the word "interstate" the words "or intrastate", and delete the words "no less than the prevailing minimum wage"; and insert "wages commensurate with those paid persons employed in similar jobs outside the correctional institutions". Reasons for these changes are:

- Private industry can establish strict work rules and employee expectations, and can dismiss non-productive workers.
- This eliminates possible criticism from competing private industry that the inmate-labor-based industry has an unfair economic advantage.
- This wording provides for fairness to the civilian labor force in the private sector.

3. Add to Section 12, after the word "resale": "except with agreement of the State Director when such repacking for resale items are directly related to product lines." Reasons for this addition are:

- Some resale items are a customary part of, though not integral with, a product item (i.e., "are directly related to") but

the resale is not in itself an objective. Examples are commercial fasteners and U-channel posts shipped with some signs.

- Repacking is a task comparable to those of some beginning level jobs in private industry and therefore can be a worthwhile work experience. Repacking should be allowed when "directly related to product lines". An example is repacking of shampoo which is a small but practical part of the soap industry at Anamosa. A repacking operation, as a separate industry, would not be a likely exception.
- The soap industry, which might be severely curtailed or eliminated, provides on-going steady employment and develops marketable skills for beginning level jobs in private industry.

FUTURE CONSIDERATIONS

The Prison Industries Advisory Board members would like to take this opportunity to alert the Iowa Legislature to the need to make changes in the future. If Iowa State Industries is to meet the intent of the law, changes such as the ones listed below will need to be made:

1. Several new industries must be considered for implementation. This is especially acute at the Penitentiary at Fort Madison. Non-traditional career options for females need to be explored at Rockwell City.
2. Venture capital should be made available for Prison Industries. Several new industries could be established that are consistent with Section 1 of HF57. They cannot be undertaken, however, without sufficient funding to purchase equipment, supplies, materials, and supervisory personnel.
3. Additional space for industry must be provided. No expansion is possible in the space presently available.
4. Serious consideration should be given to contracting with at least one small private industry at each institution, to employ inmates at the federal minimum wage or higher. These inmate employees should then be expected to pay partial board, restitution, and family support on a scale devised by the Director with the advice of the PIAB. It should be noted that the Board had some indication that private industry may not be interested in such ventures without some additional incentive.
5. The Administrator of Prison Industries should be authorized and directed to seek and implement sub-contracts with private industry.
6. An industrial engineering consultant firm should be employed to assist the Administrator of Prison Industries in establishing an efficient process and quality control system for each of the existing and new industries.

7. An Industrial Design Unit and New Enterprise Work Force, similar to that recently added to the Federal System, should be established to assist the Board and Director in carrying out Sections 1 and 3 of HF57.

8. Serious consideration must be given to some sort of incentive program for inmate employees. Alternatives to be explored include the addition of good or honor-time to speed up release date; special consideration by parole board; extra pay based on profit-sharing; modification of application of the Level Incentive Program as at Anamosa; bonuses for extra production; piecework pay basis; or special privileges for inmates employed by industry. Higher pay appears to be a factor in increased production. One or more of these alternatives should be developed and adopted.

9. The sign shop at Anamosa could provide a pilot for development of reality based industry on the private industry model. It could be initiated with an intense advertising campaign for road signs, etc., creating an extensive market for the product. As income (profits) from resultant increased sales mounted, wages of inmate employees could be increased and improvements in process and expansion of the product could be undertaken. There could be an attempt to give inmates the responsible jobs, leaving civilian employees the tasks of supervision, quality control and instruction.

10. Since Iowa State Industries is to serve as an important segment of the rehabilitation of inmates, the Board feel that some costs incurred by industries in carrying out that function should be borne by state general aid.

11. The prospect of federal grant assistance, such as LEAA funding, and private foundation support should be explored fully.

12. Consideration should be given to operating maintenance, housekeeping, and food service functions of the institution as a part of the industries program.

13. Additional salespersons must be employed. The Board also feels that a base salary plus commission should be the criteria for payment of such persons. This means they must be removed from the Merit System.

14. Consideration should be given to modification of the administrative structure supporting Iowa State Industries.

15. A revised cost accounting procedure should be established to more accurately reflect product costs.

16. Regular shipping routes should be established and alternative shipping means should be utilized.

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