

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Criminal Justice Committee

BILL: CS/CS/SB 1800

INTRODUCER: Criminal Justice Committee; Criminal and Civil Justice Appropriations Committee; and Senator Crist

SUBJECT: Correctional Work Programs

DATE: April 21, 2008 **REVISED:** _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Butler	Sadberry	JA	Fav/CS
2.	Krol	Cannon	CJ	Fav/CS
3.			CM	
4.				
5.				
6.				

Please see Section VIII. for Additional Information:

- | | | |
|------------------------------|-------------------------------------|---|
| A. COMMITTEE SUBSTITUTE..... | <input checked="" type="checkbox"/> | Statement of Substantial Changes |
| B. AMENDMENTS..... | <input type="checkbox"/> | Technical amendments were recommended |
| | <input type="checkbox"/> | Amendments were recommended |
| | <input type="checkbox"/> | Significant amendments were recommended |

I. Summary:

The committee substitute creates the Correctional Work Program Authority to evaluate the correctional work programs, managed by Prison Rehabilitation Industries and Diversified Enterprises, Inc. (PRIDE), and to make findings and recommendations to the Legislature and Governor on changes to practices and laws pertaining to the correctional work program.

The bill requires PRIDE to relinquish the Prison Industries Enhancement certificate to the Department of Corrections.

The bill provides a provision that allows employees of the corporation to be considered employees of the department. This new group of employees will be covered by workers' compensation.

This bill creates an unnumbered section of the Florida Statutes and amends sections 946.523 and 946.510 of the Florida Statutes. Such statutory changes involving the Correctional Work Program Council are temporary and expire on June 30, 2009.

II. Present Situation:

Background

Prior to 1981, the Department of Corrections (department) managed correctional prison industries. Beginning in 1981, and since 1984, correctional work programs have been solely managed by Prison Rehabilitation Industries and Diversified Enterprises, Inc. (PRIDE). The Legislature mandated that the department lease its land, buildings, and equipment to the nonprofit corporation, PRIDE, to operate all correctional work programs. By 1984, the full transfer of these assets from the department to PRIDE was accomplished.

The department records indicate that prior to the transfer of the work programs, the department's correctional industries programs sold and transported over 150 separate products and service items at 16 institutions. These programs encompassed 62 manufacturing, service, or agricultural operations generating income in excess of \$24 million dollars annually and employed more than 2,000 inmates and 269 department staff. In addition, fixed assets were valued in excess of \$72 million, and there was a balance of approximately \$2.5 million in trust funds for PRIDE's use in expanding or establishing new work programs.

The intent of the Legislature, pursuant to s. 946.501, F.S., was to create a nonprofit corporation that would consist of a joint effort between the department, correctional work programs, and other vocational training programs to reinforce relevant education, training, and post release job placement and help reduce recommitment. The goals were to reduce inmate idleness and provide incentives for good behavior while inmates were in prison, reduce the costs of state government by operating enterprises primarily with inmate labor, so long as those enterprises do not seek to unreasonably compete with private business; and lastly, to serve the state's rehabilitative goals by duplicating, as nearly as possible, the operating activities of a free-enterprise type of profit making enterprise.

Additionally, Florida law requires that every able-bodied prisoner participate in work programs to reduce inmate idleness and provide inmates with valuable skills upon release to assist with employment. As the Legislature recognized, an important factor in preparing inmates for reentry is providing inmates with the necessary job skills to acquire and maintain employment. Employment is a key factor if offenders are to become successful, crime-free, tax-paying members of society. Successful transition into society will also yield significant cost avoidances for the entire criminal justice system.

Currently, pursuant to s. 946.523, F.S., the corporation operates or contracts with the private sector for a substantial involvement in the prison industry enhancement (PIE) program that includes, but is not limited to, contracts for the operation of direct private sector business within a prison and the hiring of inmates. Contracts must be in compliance with federal law governing inmate work programs and must not result in a significant displacement of employed workers in the community. These inmates are provided workers' compensation through the private sectors employers with whom they are contracted.

Corporation employees are not currently covered under workers' compensation laws.

Mission and Challenges

The department protects the public by operating a safe, secure, humane, and efficient corrections system. The goals of the agency are to protect the public, staff, and inmates; develop staff committed to professionalism and fiscal responsibility; ensure victims and stakeholders are treated with dignity, sensitivity, and respect in making and executing administrative and operational decisions; and to prepare offenders for reentry and release into society.

The Florida Department of Corrections is the third largest state prison system in the country with a recurring budget of \$2.3 billion, over 96,000 inmates incarcerated, and another 153,000 offenders on some type of community supervision. The department has 137 facilities statewide, including 60 prisons, 41 work/forestry camps, one treatment center, 30 work release centers, and five road prisons. About three quarters of its staff of more than 27,000 employees are either certified correctional officers or probation officers. Prisons are generally managed by state government, but Florida does have six privately run prisons. Inmates in Florida's prisons have sentences of more than a year for serious felony offenses. In Fiscal Year 2006-07, about 37,000 inmates were admitted into Florida prisons and another 35,000 were released; while more than 107,000 offenders were placed on community supervision and another 104,000 were released from supervision. Given the fact that most of those who serve time in prison and on supervision will eventually be free, the department must focus on equipping its inmates and offenders with the tools they will need to become productive citizens.

Recidivism

This year, as in other recent years, America's prisons will release more than 600,000 inmates back into their communities. In Florida alone, 33,348 people were released from state prison last year. Unfortunately, many of these "ex-cons" leave Florida's prison system only to return a short time later. With the current recommitment rate (those returning to prison after 3 years) at 33 percent, the department estimates that over 10,000 of the inmates released in fiscal year 2005-2006 will return to Florida's prison system. Consequently, based on this estimate, 10,000 more crimes will be committed and thousands more will be made victims of new crimes. Every crime has at least one victim, thus recidivism has a negative impact on the safety of Florida's citizens. While public safety is strained with recidivism, the department is placed under great pressure not only to construct new prisons (at a price of approximately \$100 million), but also provide an infrastructure (at an annual operating cost of \$40 million per year per prison) to meet the mission of public safety. Current construction plans along with a prison population which is estimated to exceed 100,000 by November 2008 presents a grave financial predicament for managing prisons in Florida.

A key tool in reducing recidivism is equipping offenders with marketable skills enabling them to be productively employed. An offender's ability to find employment upon release is closely related to reducing the likelihood that an offender will commit a crime. Research has shown that higher levels of job instability lead to higher arrest rates. Furthermore, the Urban Institute indicates that former prisoners who have legitimate work after they return to the community are less likely to commit new crimes. Within the department, statistics show that inmates who earn a vocational certificate are 16 percent less likely to recidivate than those who do not complete a program.

PRIDE Industries

Correctional industries operate 37 industrial training programs located at 20 correctional facilities. These programs can be classified into several categories: Agriculture, Imaging, Graphics, Furniture, Services, and Sewn Products. The following is an overview of the current correctional work industries. They represent just a small portion of the type of industry and service that the department contemplates it could undertake by entering into contracts with other entities under this proposal.

Agriculture

Agricultural industries operate in 5 Correctional Institutions across the State of Florida.

Sugarcane

Located in the heart of Florida's sugarcane industry, Glades Correctional Institution hosts a sugarcane production industry working on approximately 3,878 acres of land employing approximately 50 inmates.

Citrus

A well-known Florida crop, citrus, is grown on approximately 1000-acres and harvested at Hendry Correctional Institution. This industry employs some 35-40 inmates off-season and 56 inmates during the picking season.

Forestry

In the areas surrounding Union Correctional Institution, Florida State Prison, and New River Correctional Institution timber is harvested, cut, and treated employing close to 100 inmates.

Cattle

From Apalachee Correctional Institution in the Panhandle, to Union Correctional Institution in Central Florida, and Hendry Correctional Institution in South Florida, beef cattle are raised and tended to by approximately 10 inmates.

Services

The Services Industry employs over 500 inmates in a variety of businesses located at 7 correctional facilities.

ACI Business Services

Located outside of Apalachee's West Unit, this warehouse hosts a defacing and repackaging operation employing approximately 11 inmates.

Avon Park Tire

The tire program offers tire retreading, disposal, recapping, mounting, dismounting, rim cleaning, rim painting, and nail hole and section repair. Approximately 66 inmates are employed in this program.

Avon Park Sanitary Maintenance

The sanitary maintenance program offers a host of products and services. Sanitary maintenance sells several products including bleach products, carpet care products, floor care products, food service products, cleaners/polishers, laundry products, personal care products, restroom care products, brooms and brushes, and wood care products. At the same time, sanitary maintenance also offers coin laundry, equipment inspection, and equipment installation. Approximately 36 inmates are employed in this program.

Baker Paint

The paint industry produces traffic paint goods employing approximately 10 inmates.

Broward Optical

Operating at one of the six female state correctional facilities, the optical industry manufactures adult and children frames in many styles and fashions. Approximately 46 inmates are employed in this program.

Tomoka Heavy Vehicle Renovation

The heavy vehicle renovation industry offers original equipment manufacturer and custom body fabrication, command center fabrication, bus repair and renovation, emergency vehicle technician certified technical support and custom work. Approximately 87 inmates are employed in this program.

Union Dental

The dental industry provides an array of products and services to include orthodontics, partials, complete dentures, crowns, and repairs. The dental program employs approximately 50 inmates.

New River Food Processing

This USDA certified and inspected industry employs approximately 73 inmates.

Union Tag

The tag plant produces license plates for the State of Florida and also to a few foreign countries. The tag plant also produces vanity plates for fundraising events, school support, and more. Approximately 105 inmates are employed at the tag plant.

Sewn Products

The sewn product industry is divided among 6 institutions around the State of Florida. Many products are made to include: mattresses, pillow and pillow cases, sheets and blankets, laundry bags, towels, recreational clothing, work apparel, work gloves, jail sets, coveralls, dresses, shirts and t-shirts, sweatshirts, jackets, pants, undergarments, hats, belts, bags, footwear, socks, and uniforms. In addition, the sewn product industry offers screen printing and embroidery. This industry combined employs approximately 450 inmates statewide.

Furniture

The furniture industry offers an array of products and services. These products include office furniture, park furniture, metal detention furniture, case goods, tables, benches, desks, beds,

barbeque grills, conference tables, lockers, tables, panel systems, shelving, trash receptacles, office seating, fire and rescue lockers, dormitory furniture, lounge seating, hose racks, and school lockers. The furniture industry also offers custom products, refurbishing, design and installation. Located at Polk, Sumter, and Union Correctional Institutions, the furniture industry employs some 360 inmates.

Graphics

The graphics industry is located at 5 institutions including the recent addition of a printing program at South Bay Correctional Facility. The graphics industry itself consists of two businesses, printing and box manufacturing. Printing services offer specialty printing (signage, vehicle graphics, bookmarks, etc.) and full service printing (pocket folders, books, brochures, etc.). In addition, the printing program offers an array of services to include bindery, design services, screen printing, and foil stamping. The box manufacturing program, located at Marion Correctional Institution, produces standard slotted, shipping, record storage boxes as well as customized corrugated paperboard boxes and logo printing. Boxes are available in wax or water-based emulsion coating, stapled or glued, and can be made of recycled material to fit the customer's needs. The graphics industry employs over 450 inmates statewide.

Digital Services

The digital service business, located at Liberty Correctional Institution offers services in the imaging, conversion, capturing and indexing of data. Approximately 80 inmates are employed in the program currently.

PRIDE provides a meaningful opportunity for the inmates with which it works; however, the percentage of the population in the correctional work program is low. Since 1994, the number of PRIDE workstations has declined by 33 percent. In contrast, Florida's prison population has increased significantly. As a result of the reduction of business operations and the increase in prison population, the percentage of inmates working for PRIDE has fallen substantially from 6 percent in its first FY 1985 to 2.7 percent in 2002.¹

The correctional work program workforce, as shown in the chart below shows that the percent of PRIDE inmate workstations to inmates available for work has remained at approximately three percent since 2003.

¹ "PRIDE Benefits the State But Needs to Improve Transparency in Operations," OPPAGA Report No. 03-68, December 2003.

<p align="center">PRIDE Workstations (As of June 30 each Year)</p>					
	Inmate Population	Inmates Available for Work	PRIDE Workstations	Percent PRIDE To Inmate Population	Percent PRIDE to Available Inmates
2003	77,316	61,814	2,041	2.64%	3.30%
2004	81,974	64,940	2,068	2.52%	3.18%
2005	84,901	67,599	1,927	2.27%	2.85%
2006	88,576	70,665	1,978	2.23%	2.80%
2007	92,844	72,230	2,079	2.24%	2.88%
<p>Data provided by Department of Corrections Presented to Criminal and Civil Justice Appropriations Committee January 24, 2008</p>					

The Office of Program Policy Analysis and Government Accountability

The Office of Program Policy Analysis and Government Accountability (OPPAGA) released a report on PRIDE in December 2003 regarding the agency’s lack of transparency.² In 1999, PRIDE had revised its corporate structure to create new related for-profit and non-profit corporations. Many of PRIDE’s board members also sat on the boards of the new corporations, and PRIDE had made millions of dollars of loans to these corporations. In its report, OPPAGA stated that “PRIDE has failed to adequately explain these actions and its structural changes to the Legislature in its annual reports or to answer questions posed by the Corrections Commission about its new structure.” Many of these corporations, as of December 31, 2002 owed PRIDE \$9.7 million dollars with no established terms for repayment drawn. OPPAGA recommended PRIDE enhance its annual reports to the Legislature, formalize its relationships with the newly created corporations, develop and apply corporate policies to assess the risk of new ventures. PRIDE concurred with all of OPPAGA’s recommendations.

In October 2006, OPPAGA again reviewed PRIDE’s business practices.³ They found that while PRIDE had implemented many of their recommendations, PRIDE had still not formalized loans made to the newly created agencies. Florida’s Chief Inspector General audited PRIDE and ITC in 2004. The chief inspector’s audit included findings similar to OPPAGA’s 2003 findings.⁴ PRIDE cancelled ties with one such agency, Industries Training Corporation (ITC) in December 2004. At this point, many board members who held board positions within PRIDE and ITC resigned from PRIDE and remained at ITC. PRIDE had to assume responsibility for all loans, which had grown to approximately \$19.2 million dollars. In 2005, PRIDE pursued formal repayment of the loan to ITC by filing for damages, interest, costs, and any other relief. A confidential settlement was reached. OPPAGA continues to recommend that PRIDE increase its sales in order to expand workstations allowing for more inmates to participate in the program and to increase internal control monitoring so that a greater level of transparency can be achieved.

² *Id.*

³ “PRIDE Is Tightening Its Business Practices But Needs Greater Transparency,” OPPAGA Report No. 06-67, October 2006.

⁴ OPPAGA Report No. 03-68, December 2003.

III. Effect of Proposed Changes:

Section 1 creates the Correctional Work Program Authority which is assigned to the Agency for Workforce Innovation for administrative purposes. The work program authority is created to evaluate the correctional work programs operating in this state and make findings and recommendations on changes to practices and laws pertaining to the correctional work program. The authority serves in an advisory capacity to the Legislature and Governor.

The membership of eight includes an appointee by the Governor; a representative appointed by the presiding officers of the Senate and House of Representatives; the Commissioner of Agriculture, the Chief Financial Officer, the Attorney General, the Secretary of Corrections, or a designee appointed by them; as well as the chairman of PRIDE Enterprises, Inc.

Members of the authority shall serve without compensation, but are entitled to reimbursement for per diem and travel expenses, which shall be paid by the appointing entity.

The authority shall hold its first meeting by September 1, 2008, and shall report preliminary findings and recommendations to the Governor, the President of the Senate, and the Speaker of the House of Representatives.

The preliminary findings and recommendations shall address:

- a. How the current correctional work program operates.
- b. Whether the goals and objectives of the correctional work program fulfill a mission of vocational training and rehabilitation for inmates.
- c. Whether the programs have helped to reduce recidivism for participating inmates.
- d. Whether the current work program provides basic job skills that enable the ex-offender to achieve meaningful employment.
- e. Whether additional correctional work program opportunities could be created and the legal and financial considerations involved in their creation.
- f. What services or products are currently produced by the correctional work program, and what additional services or products could be developed.
- g. Whether the Prison Industries Enhancement (PIE) program should be expanded to further the relationship between the correctional work program and private industry.
- h. What the reasonable expectations are for the growth of correctional work programs, including the financial goal of limited or no expenditures of state funds for growth.
- i. What legal impediments exist that discourage growth of the correctional work programs.
- j. What changes in current practices the Department of Corrections can incorporate to assist the corporation in carrying out the mission of the correction work program.
- k. Such other relevant matters relating to the items listed in this subsection.

This new section of law expires on June 30, 2009.

Section 2 provides that on or after September 30, 2008, or otherwise specified by the department, PRIDE will relinquish the Prison Industries Enhancement (PIE) certificate. The department will then have the authority and power necessary to comply with the federal statutes and the Bureau of Justice Assistance guidelines for certifying programs. The department,

consistent with federal law and guidelines, will deduct amounts from an inmate's gross wages for taxes, room and board, family support, and victim's compensation. Deductions for room and board will be deposited into the department's Correctional Work Program Trust Fund.

Section 3 provides that employees of the corporation will be considered employees of the state for the purposes of workers compensation benefits.

Section 4 provides an effective date of July 1, 2008.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

Members of the authority serve without compensation but are entitled to reimbursement for per diem and travel expenses. These expenses will be paid from the existing budgets of the appointing entities, or departments represented.

Workers' compensation benefits to corporation employees will create an indeterminate fiscal impact.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Criminal Justice on April 21, 2008:

- The bill requires PRIDE to relinquish the Prison Industries Enhancement certificate to the Department of Corrections.
- The bill provides a provision that allows employees of the corporation to be considered employees of the department. This new group of employees will be covered by workers' compensation.

CS by Criminal and Civil Justice Appropriations on April 2, 2008:

Senate Bill 1800 was originally filed as a shell bill expressing legislative intent to revise laws relating to Prison Rehabilitative Industries and Diversified Enterprises (PRIDE). CS/SB 1800 creates the Correctional Work Program Authority to evaluate the correctional work program managed by Prison Rehabilitation Industries and Diversified Enterprises, Inc. (PRIDE), and to make findings and recommendations to the Legislature and Governor on changes to practices and laws pertaining to the correctional work program. This bill has an expiration date of June 30, 2009.

- B. **Amendments:**

None.