

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

BILL: CS/SB 1946

SPONSOR: Criminal Justice Committee and Senator Silver

SUBJECT: Correctional Work Programs

DATE: April 11, 2000 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Cellon</u>	<u>Cannon</u>	<u>CJ</u>	<u>Favorable/CS</u>
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

This bill amends the definition of “corporation” as it relates to prison industries (in Part II of Chapter 946, F.S.), and it provides for PRIDE, Inc. (Prison Rehabilitative Industries and Diversified Enterprises, Inc.) to create a nonprofit member corporation, as long as PRIDE is the sole member of the corporation and the Board of Directors of the corporation is identical to that of PRIDE’s. The member corporation will be subject to the same duties and responsibilities as that of PRIDE, Inc.

The bill also makes several technical corrections to Chapters 946 and 957, F.S., fixing incorrect and obsolete statutory language and references.

The bill provides that the State Property Insurance Trust Fund may insure property leased by PRIDE, Inc., as well as property owned by the corporation.

The bill changes the date on which PRIDE, Inc. must file its annual report from January 1 to July 1 of each year.

The bill will have no fiscal impact on the state of Florida.

The bill provides that the act shall take effect upon becoming law.

This bill substantially amends the following sections of the Florida Statutes: 946.502, 946.5025, 946.5026, 946.503, 946.504, 946.506, 946.509, 946.511, 946.514, 946.515, 946.516, 946.518, 946.520, and 957.04.

II. Present Situation:

PRIDE, Inc. is a statutorily authorized private, non-profit corporation based in St. Petersburg, Florida. PRIDE, which was founded in 1981, is a general manufacturing and services management

company that forms strategic partnerships with businesses to provide on-the-job skills training as well as post-release job placement and support for Florida inmates.

Created by the U.S. Congress in 1979¹, the PIE certification program (Prison Industry Enhancement) allows private sector industry to establish joint ventures with correctional agencies to produce goods using prison labor. The PIE program eases interstate commerce restrictions on joint private-public prison manufacturing ventures as long as prevailing wages are paid to inmates, worker's compensation coverage is provided to inmates, and local industries are unaffected.

PRIDE

Beginning in 1981 and since 1984, all Florida correctional work programs have been administered by PRIDE (Prison Rehabilitative Industries and Diversified Enterprises, Inc.). Prior to 1981, the Department of Corrections operated the state's prison industries program. However, in 1981, the Legislature authorized the department to lease the facilities and equipment of the various correctional industries to a nonprofit corporation (PRIDE) organized solely for the purpose of operating the correctional work programs. (Ch. 81-125, Laws of Florida). By 1984, the management and operations of all prison industry programs had been transferred to PRIDE.

Pursuant to s. 946.501, F.S., the Legislature has mandated the following missions for PRIDE:

- ▶ To provide a joint effort between the Department of Corrections, the correctional work programs, and other vocational training programs to reinforce relevant education, training, and post release job placement and help reduce re-commitment;
- ▶ To serve the state's security goals by reducing inmate idleness and providing incentives for good behavior;
- ▶ To reduce the costs of state government by operating enterprises primarily with inmate labor, which do not seek to unreasonably compete with private business; and
- ▶ To serve the state's rehabilitative goals by duplicating, as nearly as possible, the operating activities of a free-enterprise profit-making enterprise.

During FY 1999, PRIDE, Inc. was responsible for training 4,741 inmate workers. These inmate workers, who were housed in 20 different state correctional institutions, generated \$78.4 million in sales, contributed \$938,581 to the Department of Corrections, and paid \$264,580 to the victim restitution fund.²

PRIDE, Inc. is currently responsible for a wide variety of correctional work programs in the state of Florida, and PRIDE, Inc. is also responsible for four PIE programs (although they are in the

¹Justice System Improvement Act of 1979

²PRIDE Enterprises *1999 Annual Report*, page 9.

process of adding 7 new PIE programs).³ Traditionally, PRIDE has focused mainly on agricultural and manufacturing type industries, such as farming and furniture manufacturing. However, in an effort to remain up-to-date and offer more contemporary services, as well as provide relevant workforce training to inmates, PRIDE, Inc. has begun to offer more technologically advanced work programs, such as computer mapping, data entry, and data conversion.

Part II of Chapter 946, F.S., regulates PRIDE, Inc. at the state level. Pursuant to s. 946.515(1), F.S., any service or item manufactured, processed, grown, or produced by PRIDE inmates may be furnished or sold to any legislative, executive, or judicial agency of the state, any political subdivision, any other state, any foreign government, any agency of the federal government, or any contractors of such agencies or their subcontractors, as long as there is no violation of federal or state laws. Section 946.515(5), F.S., specifies that PRIDE, Inc. may contract to provide inmate goods or services to private enterprise if the Governor has determined that such goods or services will not unreasonably compete with other businesses already operating in this state. Section 946.515(2), F.S., specifies that, if inmate-produced products are certified by PRIDE as meeting comparable performance specifications and comparable price and quality requirements as any other source, state agencies in Florida must purchase PRIDE products rather than products from other sources. The section does provide some discretion however, on the part of the state agencies, subject to the agencies' reasonable determination of need, price and quality.

PRIDE and PIE Programs

The PIE certification program is a federally administered program that authorizes public and private partnerships to employ inmates in correctional systems to produce items for open sale to the private sector *if certain criteria are met*. These criteria include paying the inmates who work for a PIE program a "prevailing" industry wage, taxing the wages, and providing inmates with workers' compensation coverage.

In 1994, the Legislature authorized the department to participate in the federally sponsored PIE certification program. In March 1995, the U.S. Department of Justice approved the department as the certified agency responsible for designating PIE programs in this state. In 1999, in Chapter 99-260, Laws of Florida, the Legislature transferred the oversight and certificate for PIE programs to PRIDE, Inc. On May 27, 1999, the Bureau of Justice Administration approved PRIDE, Inc. as the certificate holder. All contracts for use of inmate labor in PIE programs, including those intending to be operated by PRIDE, must receive the approval of the state Department of Corrections.

PRIDE, Inc. is required to make an annual report to the Governor and the Legislature, on or before January 1 of each year. The report to the Governor and the Legislature on the status of the

³PRIDE correctional work programs include: dairy, farming, poultry, feed mill, swine, sanitary supply, textile, transportation, forestry, decal and maintenance, dental, furniture manufacturing (metal and wood), furniture refurbishing, tire remanufacturing, traffic paint manufacturing, optical, print, modular furniture manufacturing, cattle, citrus, food product distribution, sugar cane, administrative office materials, shoe manufacturing, box manufacturing, services work programs, heavy vehicle renovation, warehousing, tags manufacturing, broom manufacturing, automated mapping, data entry, and data conversion. PIE programs: Coatings PIE at Baker C.I. (traffic and architectural paint and coating products), Optical Lab PIE at Broward C.I. (optical lab services, manufacturing eye wear), Manufacturing PIE at Hardee C.I. (manufacturing upholstery furniture), and Fabrication PIE at Union C.I. (metal products and manufacturing services).

correctional work programs operated by the corporation must include information relating to the following areas:

- ◆ the proposed use of the profits from the programs;
- ◆ a breakdown of the amount of noninmate labor used;
- ◆ work subcontracted to other vendors;
- ◆ use of consultants;
- ◆ finished goods purchased for resale; and
- ◆ the number of inmates working in the correctional work programs at the time of the report.

Additionally, the corporation must submit an annual financial audit report, with recommendations relating to provisions for reasonable tax incentives to private enterprises which employ inmates, parolees, or former inmates who have participated in correctional work programs.

PRIDE, Inc. has recently changed its fiscal year from July - June to January - December.

III. Effect of Proposed Changes:

This bill will allow PRIDE, Inc. to create a second private nonprofit corporation which has PRIDE, Inc. as the sole member of the corporation and has a Board of Directors which is identical to that of PRIDE's. Essentially, this bill will allow PRIDE, Inc. to duplicate its corporate structure and have a new corporation subject to the same duties and responsibilities applicable to PRIDE.

By allowing PRIDE, Inc. to create a second private nonprofit corporation, this bill will allow PRIDE and its current managers to continue to emphasize its traditional correctional work programs (involving manufacturing and agriculture) and shift the more technologically advanced correctional work programs to the new corporation and new management with different skills. The new nonprofit corporation will be able to concentrate on different issues other than manufacturing and agriculture, such as new business development, private sector business partnerships, high-tech enterprises, international business and exporting, and other non-traditional endeavors.

This bill will allow for PRIDE's leased properties (machinery and equipment) to be insured by the State Property Insurance Trust Fund. Currently, only property owned by PRIDE, Inc. is eligible for such insurance coverage.

The bill changes the date by which PRIDE must make the reports explained above to July 1 of each year.

The bill also corrects cross references and deletes obsolete language throughout Chapter 946, F.S., and it makes one cross reference change to s. 957.04, F.S.

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.