

**STORAGE NAME:** h1133.cpcs.doc

**DATE:** March 28, 2001

**HOUSE OF REPRESENTATIVES  
COMMITTEE ON  
CRIME PREVENTION, CORRECTIONS & SAFETY  
ANALYSIS**

**BILL #:** HB 1133

**RELATING TO:** Operations of Correctional Work Programs

**SPONSOR(S):** Representative(s) Brutus and Others

**TIED BILL(S):**

**ORIGINATING COMMITTEE(S)/COUNCIL(S)/COMMITTEE(S) OF REFERENCE:**

- (1) CRIME PREVENTION, CORRECTIONS & SAFETY
  - (2) COUNCIL FOR HEALTHY COMMUNITIES
  - (3)
  - (4)
  - (5)
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I. SUMMARY:

House Bill 1133 amends the definition of "corporation" as it relates to prison industries in Part II of Chapter 946, F.S. The bill provides for PRIDE (Prison Rehabilitative Industries and Diversified Enterprises, Inc.) to create an additional 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.

The reasoning behind the bill is to allow PRIDE to continue to emphasize its traditional correctional work programs (involving manufacturing and agriculture), but also, through a new PRIDE-controlled corporation, begin to concentrate on different issues involving new business development, private sector business partnerships, high-tech enterprises, and other non-traditional endeavors.

The bill also makes several technical corrections to Chapters 946 and 957 of the Florida Statutes, fixing incorrect and obsolete statutory language and references.

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

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

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- |                                   |                              |                             |   |
|-----------------------------------|------------------------------|-----------------------------|---|
| 1. <u>Less Government</u>         | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u>             | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u>      | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u>      | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

**PRIDE**

PRIDE (Prison Rehabilitative Industries and Diversified Enterprises, Inc.) is a statutorily authorized, private, nonprofit corporation based in St. Petersburg, Florida. PRIDE, which was founded in 1981, is a general manufacturing and services company that is authorized by the state of Florida to manage the state's diverse prison industries through the development of strategic business partnerships. PRIDE is funded solely through revenues generated by the sales of its goods and services, which are manufactured by a workforce of approximately 5,000 inmates.

PRIDE provides on-the-job skills training as well as post-release job placement and support for Florida inmates. During calendar year 2000, PRIDE was responsible for training approximately 5,000 inmates. These inmate workers, who were housed in 20 different state correctional institutions, generated \$98.5 million in sales, contributed \$1,092,905 to the state of Florida, and paid \$276,417 toward victim restitution.<sup>1</sup>

PRIDE is currently responsible for a wide variety of correctional work programs in the state of Florida, including 21 PIE programs.<sup>2</sup> 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 has begun to offer more technologically advanced work programs, such as computer mapping, data entry, and data conversion.

**PIE**

The PIE (Prison Industry Enhancement) 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

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<sup>1</sup> Information obtained from Greg Hackley, registered lobbyist for PRIDE.

<sup>2</sup> PRIDE correctional work programs include: dairy, farming, poultry, feed mill, swine, sanitary supply, textiles, 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, heavy vehicle renovation, warehousing, tags manufacturing, broom manufacturing, automated mapping, data entry, and data conversion. PIE programs include: wood and metal furniture, optical (eyeglasses), paint and coatings, forestry and wood products, produce processing, printing/imaging, textiles and garments, and corrugated containers.

providing inmates with workers' compensation coverage. The goal of the federal PIE program, which has been in existence since 1979, is to ease interstate commerce restrictions on joint private-public prison manufacturing ventures as long as local industries are unaffected and the program meets the various criteria mentioned earlier.

Chapter 99-260, Laws of Florida, transferred the oversight and certificate for PIE programs from the Department of Corrections to PRIDE. On May 27, 1999, the Bureau of Justice Administration approved PRIDE as the official PIE certificate holder. However, all contracts for use of inmate labor in PIE programs must receive the approval of the Department of Corrections.

**C. EFFECT OF PROPOSED CHANGES:**

House Bill 1133 will allow PRIDE to create a second, private nonprofit corporation that has PRIDE as the sole member of the corporation and has a Board of Directors that is identical to that of PRIDE's. Essentially, this bill will allow PRIDE to duplicate its corporate structure and have a new corporation subject to the same duties and responsibilities applicable to PRIDE.

By allowing PRIDE to create an additional nonprofit corporation, this bill will allow PRIDE and its current managers to do two things: **1)** continue to support PRIDE's traditional correctional work programs (involving manufacturing and agriculture), and **2)** shift the more technologically advanced correctional work programs, such as data conversion, to the new corporation with new management and 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.

House Bill 1133 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 is eligible for such insurance coverage.

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

**D. SECTION-BY-SECTION ANALYSIS:**

**Section 1:** This section changes a statutory reference to more accurately define the section of the Chapter that describes the corporation of PRIDE. PRIDE currently carries out §§ 946.502 through 946.524, F.S. However, the statutes currently refer only to §§ 946.502 through 946.518, F.S. Rather than correct each section number this year, and then year after year as the numbers may continue to change, the term "this part" has been substituted in an effort to encompass all of PRIDE's activities and responsibilities without referring to the specific range of statute numbers. This technical revision appears numerous times throughout the bill. Section 1 also removes obsolete language from the statutes.

**Section 2:** The section contains a technical revision changing the word "chapter" to "part."

**Section 3:** This section deletes a statutory reference and replaces the reference with the words "under this part."

**Section 4:** This section amends the statutory definition of the term "corporation" as used in Chapter 946, F.S. The new, expanded definition allows for the creation of a nonprofit member corporation, as long as PRIDE is the sole member and the Board of Directors of the corporation is

identical to that of PRIDE's. The member corporation would be subject to the same duties and responsibilities as PRIDE under Part II of Chapter 946, F.S.

**Section 5:** This section amends a statutory reference to more clearly define the section of the Chapter that describes the corporation. (See **Section 1** explanation.)

**Section 6:** This section provides that the State Property Insurance Trust Fund may insure PRIDE's leased properties (equipment and machinery) as well as its owned properties. Currently, only property owned by PRIDE is eligible for such insurance coverage.

**Section 7:** This section corrects a statutory reference. The PIE program is now described in § 946.523, F.S., not in § 946.006(3), F.S.<sup>3</sup>

**Section 8:** This section amends statutory references to more clearly define the section of the Chapter that describes the corporation. (See **Section 1** explanation.)

**Section 9:** This section changes the date by which PRIDE must submit its Annual Report to the Governor and the Legislature. This date change reflects PRIDES's switch in accounting methods from a fiscal year to a calendar year.

**Section 10:** This section adds references to two statutory citations that concern PIE programs.

**Section 11:** This section amends references to the different parts of Chapter 946, F.S. According to PRIDE, the reason behind this change was to clarify that both PRIDE and PIE are in the same "part" of Chapter 946, F.S., and that inmate assignment provisions apply to both PRIDE and PIE participants.

**Section 12:** This section corrects an obsolete statutory reference.

**Section 13:** This section provides that the bill shall take effect upon becoming law.

### III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

#### A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

#### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

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<sup>3</sup> § 946.006, F.S., was repealed in 1999.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or take action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority of counties or municipalities to raise revenues.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with counties or municipalities.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

None.

C. OTHER COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

It is anticipated that an amendment will be introduced that will define the composition of the Board of Directors of any new nonprofit PRIDE corporation.

VII. SIGNATURES:

COMMITTEE ON CRIME PREVENTION, CORRECTIONS & SAFETY:

Prepared by:

Staff Director:

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Melinda Smith

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David De La Paz