

The Florida Senate
PROFESSIONAL STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

Prepared By: Criminal Justice Committee

BILL: SB 676

INTRODUCER: Senator Wise

SUBJECT: Inmate Labor/Correctional Work Programs

DATE: April 5, 2007

REVISED: _____

ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1. Clodfelter	Cannon	CJ	Pre-meeting
2. _____	_____	GO	_____
3. _____	_____	_____	_____
4. _____	_____	_____	_____
5. _____	_____	_____	_____
6. _____	_____	_____	_____

I. Summary:

This bill requires PRIDE to report annually on its internal controls with attestation by an independent certified public accountant. It implements a recommendation made by OPPAGA.

This bill amends section 946.516 of the Florida Statutes.

II. Present Situation:

PRIDE'S History

Prison Rehabilitative Industries and Diversified Enterprises, Inc. (PRIDE) was created by the Legislature in 1981 as a private, non-profit corporation. In 1983, the Legislature authorized PRIDE to lease and manage the state prison industries program which had been operated by the Department of Corrections. Section 946.501(1), F.S., notes that it is essential to the state that the correctional work programs provide inmates with activities that can then lead to meaningful employment after release to help reduce the number of inmates who return to the correctional system. Section 946.501, F.S., defines PRIDE's mission as:

- providing education, training, and post-release job placement to inmates to help reduce recommitment;
- enhancing security by reducing inmate idleness and providing an incentive for good behavior in prison;
- reducing the cost of state government by operating enterprises primarily with inmate labor while not unreasonably competing with private enterprise; and
- rehabilitating inmates by duplicating, as nearly as possible, the activities of a profit-making enterprise.

PRIDE was given several advantages to help offset some of its competitive disadvantages in the marketplace. It has sovereign immunity and is not required to pay unemployment compensation for inmate workers. State agencies are required by statute to purchase products from PRIDE if the products are of similar quality and price to those offered by outside vendors. Also, PRIDE is not under the authority of any state agency, although it is subject to the auditing and investigatory powers of the Legislature and the Governor.

PRIDE supports the state correctional system in several ways by reducing inmate idleness, providing incentives for good behavior, facilitating payment of restitution, and providing useful vocational skills to inmates that may help to reduce recidivism.

PRIDE currently operates 36 industrial training programs in 20 state prisons and offers 363 on-the-job training programs. In 2005, 3,502 inmates worked for PRIDE and the total hours worked increased by almost 10 percent over the previous year. Some of the industries operated by PRIDE are raising dairy calves, furniture manufacturing, agriculture, printing, binding, data entry, and document imaging services. PRIDE does not receive funding from the Legislature and is supported by the revenues it generates from selling its products. The State of Florida accounted for half of PRIDE's total revenues of \$71,917,200 in 2005.¹

In October 2006, the Office of Program Policy Analysis and Government Accountability (OPPAGA) issued Report 06-67, "PRIDE Is Tightening Its Business Practices but Needs Greater Transparency." The report found many positive aspects of PRIDE's operations, including improvements in areas that were identified as concerns in an earlier report.² It noted that PRIDE had improved risk assessments and internal controls, but recommended better monitoring of those measures. Specifically, OPPAGA recommended revision of s. 946.516, F.S., to require PRIDE to report annually on its internal controls. Section 946.516(3), F.S., already requires PRIDE to have an annual financial audit of its accounts and records by an independent certified public accountant. However, OPPAGA recommended that PRIDE's report concerning its internal controls be subject to a separate attestation by an independent certified public accountant.

III. Effect of Proposed Changes:

The bill adopts the OPPAGA recommendation by amending s. 946.516, F.S., to require PRIDE to prepare an annual detailed report concerning the effectiveness of its internal controls. The report must be subject to attestation by an independent certified public accountant that is retained by PRIDE and paid from its funds. The bill specifies that this attestation is separate from and in addition to the annual financial audit that it already required.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

¹ PRIDE Enterprises 2005 Annual Report

² OPPAGA Report No. 03-68, PRIDE Benefits the State But Needs to Improve Transparency in Operations, December 2003

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:

There will be some additional cost to PRIDE for preparing the annual report and obtaining the CPA's attestation.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Summary of Amendments:

None.

This Senate Professional Staff Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
