ALTERNATIVE STRATEGIES FOR FUNDING EMPLOYMENT-RELATED REENTRY PROGRAMS

Malcolm C. Young

18 May 2011

(Re-issued 5 November 2014)

Acknowledgment: This publication was supported by a grant from the Soros Justice Fellowship Program of the Open Society Institute
Introduction

Employment is essential to returning prisoners’ prospects for rebuilding their lives and their potential for contributing to the communities to which they will return. Indeed, transitioning returning prisoners into jobs is an urgent task – now even more challenging as America’s economy recovers slowly from a deep recession while state legislatures and the United States Congress look for ways to reduce spending.

Anticipated reductions in government spending bring us face to face with a reality: government funding alone will not be sufficient to support employment-related reentry programming on the scale required to increase employment. Without other sources of funding, it is likely that large numbers of recently-released prisoners and jail inmates will remain jobless or gain only marginally employed.

In this paper, we propose three new strategies for obtaining financial support for employment-related reentry programming. Each has great promise for adding resources and programming that will help returning prisoners move forward to find work to support themselves, their families and their communities. The three strategies are:

- Promote collaboration, partnership and cost-sharing with private industry
- Access or leverage federal, state and local economic development grants; and
- Expand and enhance Prison Industries Enhancement (PIE) programs

I. The Problem: Governments are unable to provide sufficient funds to support employment-related reentry programs on the scale needed

The federal government plays a vital, constructive role in the development and growth of reentry programming:

- The Second Chance Act of 2007 (SCA) supports an impressive array of reentry activities. In 2010 the SCA funded research and coordinating activities including the National Reentry Resource Center, housed with the Council on State Governments, and awards of $45.97 million in competitive grants to state, local and non-profit entities for new reentry programs for adult offenders including vocational education, post-release job readiness training, mentoring support and preparation for careers in technological fields.

- In 2010 the Department of Labor awarded $108.49 million in grants for the Reintegration of Ex-Offenders Program targeting returning juvenile and adult prisoners

1 “Finding and maintaining a job is a critical dimension of successful prison reentry.” Demelsa Baer, Avinash Bhati, et. al., Understanding the Challenges of Prisoner Reentry: Research Findings from the Urban Institutes’ Prisoner Reentry Folio (Urban Institute, Washington, D. C., January 2006) at p. 4.

2 As reported by the National Reentry Resource Center, accessed on 3 May 2011 at http://www.nationalreentryresourcecenter.org/about/second-chance-act
with community-based mentoring, job training and transitional services, One Stop Career Centers and Work Opportunity Tax Credits for employers.³

- The federal government provides millions of dollars more in grant support for reentry programming that addresses substance abuse and mental health. ⁴

- The Veterans’ Administration has recognized the problems that are confronting veterans who have been incarcerated with its own grant programs.⁵

While this level of federal funding for reentry initiatives is remarkable,⁶ it falls far short of meeting needs.

In fact, federal funding has never been sufficient to meet the employment-related reentry needs of state prisoners. A decade ago four federal agencies distributed $100 million to the states to support efforts to connect ex-offenders to employers and good jobs. In a report, the Urban Institute observed, “…the need for funds is vastly greater than this program will provide.”⁷ That is the situation today, when the total federal commitment to employment-related reentry programming is something less than the total of the Departments of Justice’s and Labor’s combined $154.46 million in grant support for reentry programming, not all of which is employment-related.

For other indications of the scale of funding needed, consider:

- The amounts budgeted for 2009 in Michigan, one state committed heavily to reducing incarceration through alternative and reentry programs, exceeded $57 million.⁸


⁴ In 2010 the Substance Abuse & Mental Health Services Administration (SAMHSA) awarded $7,165,870 to 18 state programs through its Offender Reentry Program. Other SAMHSA programs awarded grants for reentry programs targeting AIDS, women returning from prisoners and youth. Access to Recovery grants totaling $81 million included funding for reentry-related programming. For example, than, Illinois programs and agencies received $1,709,571 in SAMSHA grants designated for reentry programs and services including a $397,877 grant under SAMSHA’s Offender Reentry Program and a $3,352,000 Access to Recovery grant which included funds to support reentry-related programming. To complicate any attempt to estimate total federal funding, many of these grants are multi-year so that neither the amounts not the distribution among states necessarily reflect the overall federal commitment. Sources for SAMSHA grant awards: http://www.samhsa.gov/grants/

⁵ See, http://s124322.gridserver.com/funding_programs/programs/veterans_justice_outreach_initiative/

⁶ Jeremy Travis, Anna Crayton, Debbie A. Mukamal describe “A New Era in Inmate Reentry” based on Jeremy Travis’ testimony to congress in March 2009 (CT Feature undated).


⁸ “The Second Chance Act is good federal policy and more funding is needed. Compare national funding ranges with Michigan - which will fund MPRI in FY 2010 at $57M - and recognize that Michigan is under-funded even at that level if it is to fully reach the 60% of moderate to high risk prisoners who are returning.” Dennis Schrantz statement to the United States House Committee on Appropriations Subcommittee on Commerce, Justice, Science and Related Agencies,” (March 11, 2009).
• One of the stronger transitional jobs programs targeting hard-to-employ individuals was found to cost around $3,010 per program participant. At this rate the $154.46 million combined Department of Justice and Department of Labor grants would provide programming for 51,300 returning prisoners, a large number but still only about one-sixth of all returning prisoners.

Most states do not come close to funding community-based or corrections-based reentry programs at anything approaching $50 million statewide or $3,000 per program participant.

Moreover, no matter what level of funding states have been providing reentry programs, we can now expect funding to decrease rather than increase. States are cutting back on funding for corrections programs. In fiscal years beginning in 2010 and 2011, at least 22 states eliminated or reduced programs for inmates. According to the Pew Charitable Trust’s Adam Gelb, the very programs that proved most promising for reducing prison populations and costs are at risk. For example in 2010 Kansas, which had been reducing its prison population by improving reentry and back-end programs in the community, cut the budgets of those programs only to see its prison population increase again.

In an Associated Press wire story released on April 4, 2011, Justin Jones, Director of the Oklahoma Department of Corrections described the irony: “We’re finally to the point that we know what works and we know what doesn’t work, and we hit it just about the same time a recession hit.”

---

9 Cindy Redcross, Dan Bloom, Gilda Azurdia, Janine Zweig & Nancy Pindus. *Transitional Jobs for Ex-Prisoners: Implementation, Two-Year Impacts, and Costs of the Center for Employment Opportunities (CEO) Prisoner Reentry Program* (MDRC August 2009) at p. 90 (Including costs for recruitment and intake, expenses for transitional jobs including wages and fringe benefits averaging $1,035 and job development but excluding job coaching and fatherhood skills provided to smaller numbers of participants). While the situs is in New York City, CEO’s costs are not much higher than program costs reported in less expensive jurisdictions. See, Jeff Wiehe, “Hard Sentences Come at Big Price” Journal Gazette (Ft. Wayne, IN February 23, 2011) reporting that a proposal to fund reentry services with a $5-$10 million state appropriation would add to the $28 million provided some counties through contracts with the Department of Corrections. The reporter observes that the proposed new appropriation would provide each county with on average $109,000 and that Allen County (Ft. Wayne) has a well-regarded program costing $5 million annually, or $2,131 per client. Short link: [http://bit.ly/ixcouM](http://bit.ly/ixcouM) accessed on 15 May 2011.

10 *The Continuing Fiscal Crisis in Corrections: Setting a New Course* (Vera Institute of Justice, Oct. 2010, p.11)


The relationship between budget cuts and increased revocations is explained:

Overall, the portion of Kansas probationers who successfully completed their terms dropped to 54% in 2010 from 61% in fiscal year 2008, according to a January state report. Roger Werholz, Kansas’ former corrections secretary, says the losses are “a casualty of the economic crisis” and stricter sentencing policies that added mandatory prison time for more offenses.

Kevin Johnson, “Budget Cuts Slice Programs for Ex-Inmates,” *op. cit.*
II. **Potential new funding sources and strategies for accessing them**

Advocates for corrections reforms and justice improvements continue to seek to preserve government funding at all levels for prison reentry programming – and indeed, they should do so. But when confronted with the realities of recession-starved state and local budget cuts and reductions in federal discretionary funding,\(^\text{13}\) reentry program administrators, corrections administrators and other public officials may find it advantageous to develop strategies for accessing funding from new sources. The Program for Prison Reentry Strategies has focused its energies on developing three strategies:

1. *Promote collaboration, partnership and cost-sharing with private industry* (p. 4),

2. *Access or leverage federal, state and local economic development grants* (p. 8); and


Although the details have yet to be finalized and many questions remain to be answered, it is not too early for those charged with expanding employment-related reentry programs to consider the merits and the potential of each of these strategies. The following paragraphs explain these three strategies and how they might play out.

**Strategy #1: Promote collaboration, partnership and cost-sharing with private industry**

Businesses and even entire industries are a potential source of support for prison employment reentry programming. For certain businesses, reentry programs can provide a tangible, market- or competitive- advantage by providing them opportunities to train current or future employees in skills that are necessary, and reliably in demand.

Businesses invest considerable time and money training employees. Some businesses invest in both capital and training months or years in advance of the time new factories, equipment and skills will actually be put to work. Businesses pay for training and experience in several ways: higher wages for experienced or trained employees; fees paid to training organizations; taxes which underwrite community college programs; and, grants from industry-funded foundations to technical schools and community colleges that train students in the skills needed by those businesses. Even informal, on-the-job training has a cost. The time spent training inexperienced employees results in a short term loss in productivity.

Research shows that prisoners who are trained to fill specific jobs, or who learn skills needed by an industry that is hiring, are more successful than prisoners who are provided with no or only general job skills.\(^\text{14}\) To help insure that returning prisoners are being taught skills valued

\(^{13}\) The federal budget for 2011 reduced Department of Justice allocations for Second Chance Act funding from $100 million in 2010 to $83 million.

\(^{14}\) Rob Atkinson & Knut A. Rostad *Can Inmates Become an Integral Part of the U.S. Workforce?* (Urban Institute Reentry Roundtable – May 2003) p. 6-8. See, Steve Aos, Marna Miller, and Elizabeth Drake, *Evidence-Based Public Policy Options to Reduce Future Prison Construction, Criminal Justice Costs, and Crime Rates*. Olympia: Washington State Institute for Public Policy (2006), Exhibit 4 & text pp. 8-11. Best practices may be different for short term or jail inmates for whom long-term and in-depth training is not practical. In the jail setting it may be more realistic and more productive to furthering job preparedness and build general skills.
by hiring industries, corrections should involve businesses and industries in designing vocational and employment-related reentry programs and in providing instruction.\footnote{The Program for Prison Reentry Strategies third (of four) principles is: 

\textbf{Engage private enterprise} as a partner in the design, delivery, funding and follow-up to employment-related reentry programs. As do competitive trade and technical schools and colleges, reentry programs must meet the needs of an evolving labor market if graduates are to gain employment. Corrections must partner with business entities to design and deliver training programs that will equip prisoners to compete in any open hiring process, help inmates who are entrepreneurs to develop legitimate business models, and to otherwise perform well enough to justify financial support for reentry programs from business.}

Indeed, we could go further. Logically, if a vocational or reentry program trains inmates sufficiently well to prepare them to do the work required by an employer or in a particular industry, it is reasonable to ask that those employers or industries share in the cost of training.

And, some industries and businesses will find that training inmates in correctional settings have unique advantages. For example:

- Prison inmates can more readily be screened, selected and reliably made available for instruction than individuals in the general population.

- Training prisoners can be less expensive than training a person not in custody. Insofar as the business or industry is concerned, a prisoner’s housing, food service and health care are provided for. Government may share in the financial advantage because providing training during incarceration minimizes or avoids the additional cost of supporting a recently-released prisoner in subsidized instruction or transitional work.\footnote{See, Nancy Wolff & Jing Shi, \textit{Men and Women Leaving New Jersey Prisons}, Rutgers University (Jan. 2010) p. 23-24.}

- In determinate sentencing states, a Department of Corrections can predict with accuracy when and where inmates will be released, making it practical to train inmates in the skills required for new jobs and to have those inmates available to work in those jobs at the time and location they come on line.\footnote{An indeterminate sentencing jurisdiction’s inability to predict an inmate’s release date or a system’s refusal to share the planned release date frustrates reentry planning at several important levels; see Prison Fellowship’s Model Principles of Reentry, p. 2.}

- In parole or mandatory supervised release jurisdictions, a correctional authority can monitor substance abuse, attendance at work and other behaviors that often concern potential employers. Returning prisoners in most jurisdictions are prohibited from using alcohol and can be required to meet curfews.

As part of a strategy to further engage business in employment reentry, corrections agencies may find it necessary to revise long-standing rules. Corrections facilities will have to provide teaching faculty and third parties such as employer representatives and mentors fairly open access to student inmates and classrooms. Corrections facilities may find it worthwhile to exempt inmates who are students or trainees from restrictions such as lock downs when there is no overriding security reason not to do so. A Department of Corrections may begin to identify and
recruit inmates who are best suited for the jobs for which they are being prepared and house them in a facility or unit that is proximate to the training program and conducive to study and work.

The Illinois Department of Corrections recently designed a new program that fully engaged a particular industry in the reentry effort. After investigation, the IDOC created a partnership with a community college and the growing “clean coal” industry in southern Illinois. The partners created a training curriculum with input from experienced representatives of the clean coal mining industry. The IDOC agreed to screen candidates for, among other factors, release dates that coincided with the end of the training program and release locations in areas where mining companies were expecting to be hiring. It plans to house inmates in one facility and to accommodate an intense vocational training program in the inmate’s daily schedule. It will facilitate mentoring by industry representatives. The program also will provide staff that will start reentry planning including job placement coordinated with agencies that hire for the businesses in the clean coal industry months before inmates are released. The IDOC will provide aftercare including continued placement assistance and constructive supervision after the inmate is released.

The IDOC applied for grant support for its program. The expectation is that once the program is successfully implemented, IDOC will try to obtain some portion of the program’s expense from business that hire the program’s graduates. See, David Rubin, Connecting Inmates to Jobs: Illinois Department of Corrections Proposes a Model for Successful Reentry.18

Partnerships between corrections and business, at least in the context of reentry, are not necessarily natural ones. As the agenda of most reentry conferences will attest, the normal partners are corrections, social service agencies, faith-based and community non-profit organizations, and workforce developers.19 The Bureau of Justice Assistance has taken the positive step of encouraging corrections-business partnerships by establishing as a priority consideration that applicants for some grants “partner with technology industry-related organizations and other entities (including local and small businesses) willing to hire and support high-risk offenders through the learning and job training process.”20 The Program for Prison Reentry Strategies urges congress and federal SCA and other reentry program grant-makers to even more emphatically promote corrections – business partnerships whenever appropriate in all federally funded pilot or model reentry programs.

18 (Program for Prison Reentry Strategies 8 March 2011); available on the Program’s web page at www.law.northwestern.edu/legalclinic/prison/

19 The three day agenda of the second National Reentry Conference did not include one session or speaker from a private for-profit business or industry; see, http://bit.ly/kgfDFJ (short link accessed 15 May 2011).

20 Second Chance Act Technology Careers Training Demonstration Projects for Incarcerated Adults and Juveniles (CFDA #16.812) (Deadline for submission March 3, 2011) at p. 6. Department of Labor grant solicitations have required that applicant reentry programs “develop partnerships with various employment partners, including Employer Advisory Councils, Chambers of Commerce, Neighborhood Business Councils and individual employers to ensure a pathway to employment for participants.” Department of Labor Employment and Training Administration Notice of Availability of Funds and Solicitation for Grant Applications for Reintegration of Ex-Offenders – Adult Program Grants Funding Opportunity Number: SGA/DFA PY-10-10 (Closing date 17 March 2011) , at p. 3.
COMMUNITY COLLEGES AND FEDERAL FUNDING FOR REENTRY PROGRAMMING

Partnerships between corrections and community colleges with their links to business and industry were once common. Until the mid-1990’s community colleges provided large numbers of prisoners with post-secondary education and vocational training. Their programming was shown to reduce recidivism and increased returning inmates’ employment and earning power. But Pell grants and other federal sources that supported community college programs categorically dried up as the result of changes in the law in the late 1990’s. During the academic year 2009-2010 only 6% of all state prisoners enrolled in vocational or academic post-secondary programs and of these 86% were concentrated in just 13 states. States such as Illinois that still provide community college instruction for prisoners do so with support from one or another combination of line items in the state corrections budget, student head-count funds provided to participating community colleges, or state financial aid, funding that is no more likely to increase in the near future than is funding for other correctional programs.

The federal government could still provide needed support for a strong community college role in reentry. In recent years the Department of Labor awarded community colleges substantial grants for training in technological fields such as nuclear and renewable energy, “green” retrofitting and cyber security. The Program for Prison Reentry Strategies would urge that the Department of Labor invite applicant community colleges to collaborate with corrections agencies on one hand and businesses on the other and to integrate returning prisoners into grant-funded academic and vocational programming. Ordinarily, gaining the attention of the leadership of a major federal agency such as the Department of Labor for an issue like prisoner reentry might be difficult. Fortunately, the Administration recently created the Federal Interagency Reentry Council and charged it with exactly this task.

---

24 Partnership Between Community Colleges and Prison, op. cit., at Table 1, p. 15 and pp. 16-17.
25 The Department of Labor Community-Based Job Training Grants awarded $125,000,000 to 41 community colleges for this purpose in 2010, See http://www.doleta.gov/ETA_News_Releases/20100833.cfm
26 Among the Council’s goals: “To leverage resources across agencies that support this population in becoming productive citizens, and reducing recidivism and victimization.” For more on the Council, see http://www.nationalreentryresourcecenter.org/reentry-council
Strategy # 2: Accessing or leveraging federal, state and local economic development grants

A second potential additional source of support for prison employment reentry programming may be found in federal and local government grants awarded to promote economic and community development. Several types of funding possibilities are detailed as follows.

(a) Federal-source economic development funds

The magnitude of federal source grants for community development far exceeds federal funding specifically designated for reentry programs. In 2010 the federal government disbursed more than $43.89 billion dollars for community-development related projects through five agencies: HUD ($3.98 billion in Community Development Block Grants); the Small Business Administration ($35.5 billion in all programs); Department of Labor ($3.83 billion for Training and Employment Services); and, the U.S. Economic Development Administration (investing $579 million.27 If only 1% of these funds were directed toward the support of prisoner reentry programming the value of the contribution would be $438.89 million, more than doubling the total grants awarded through the SCA and the Department of Labor in 2010.

Another productive early step for the previously mentioned Federal Interagency Reentry Council might be to introduce a policy statement in support of allocating a modest portion of federal community and economic development funds to employment-related reentry programming along with creative suggestions of the means for doing so. A second step for the Council might be to sponsor a department-by-department review of rules and regulations which would advance the policy.

The mechanisms by which each Department and programs within Departments can materially support employment-related prisoner reentry programming can be varied and creative. Federal funding for economic development could support training, vocational education and hiring returning prisoners in ways that would further community development and be to the advantage of businesses. We discuss what some of these ways might be in the next section.

(b) Local-source economic development funds

Local source grants for community development also offer a relatively large potential source of funding for employment-related reentry. We looked at Tax Increment Financing (TIF) programs in Chicago and surrounding areas. TIF is explained as a taxing mechanism that:

captures the future tax benefits of real estate improvements in a designated area to pay the present cost of those improvements. It is designed to channel funding, or tax increment, toward improvements in distressed or underdeveloped areas where development would not otherwise occur." 28

---

27 (A Research Memorandum detailing these allocations is available on the Program for Prison Reentry Strategies at www.law.northwestern.edu/legalclinic/prison/).

As in the case for federal economic development grants, the amount of money involved in TIF grant-making overshadows the dollars spent for employment-related reentry. In 2009 in Chicago TIF programs raised $519,715,715. Over a recent eight year period TIF grants to Chicago redevelopment projects totaled $1.5 billion dollars, an average of $166.67 million annually. But because TIF grants are used to attract private funds and investors as partner in development projects, the actual grant award represent only a fraction of the amount of money TIG grants generate for economic development. Chicago TIF grants comprised an average of 22% of the total cost of the development projects for which they were awarded, leading to an estimate of an average annual investment in TIF projects from all sources of in excess of $757.59 million. Using our standard arbitrary measure we can observe that if only 1% of these funds contributed to training, transitional work programs, or other reentry programs the value contributed to employment-related reentry in Chicago would readily approach $7.58 million each year. See, Louis Sarmiento, *Government Incentives for Hiring Returning Prisoners.*

The concept of leveraging local economic and community development funds to create employment opportunities for people disadvantaged in the labor market, including those who have been incarcerated, has previously been proposed by the Partnership for Working Families, the National League of Cities and the National Employment Law Project, among others. Several American cities, including Los Angeles, Newark, Portland, Oregon and Indianapolis, have enacted local hiring or bid preference policies that promote hiring people with criminal histories.

We propose here, however, that the concept of using federal-source or local grant and contracting processes to encourage hiring formerly incarcerated people extend beyond creating hiring or bid preferences for businesses to hire formerly incarcerated job applicants. Specifically, we would urge local community development grant-making agencies to offer additional incentives and preferences to businesses and developers who collaborate with local or state corrections to train and prepare inmates or prisoners to compete for jobs in community development projects or for jobs in the businesses that are expected to be created through economic development projects. This proposal has several appealing aspects:

- Economic development projects often target the same underserved communities as those to which prisoners return in disproportionate numbers. Equipping returning inmates to work on projects that will improve the community which they may have damaged in the first place accords with rehabilitative and restorative justice ideals and brings increased security to communities that suffer when returning prisoners left out of the renewal process commit new crimes.

- Inmates who participate in collaboratively-designed programs would be more likely to be trained and prepared to compete for jobs for which developers and businesses will actually be hiring.

---


- Businesses gain an advantage when potential employees are trained and otherwise well prepared to do the work that is required of them

- The approach suggested here incorporates important aspects of transitional job programs – job readiness and skills training --- while reducing if not eliminating the costs of subsidized transitional employment for individuals who receive all of their training after release from prison.\footnote{32}

As is true for federal funds for community and economic development, just a small portion of locally-generated funds now directed toward community and economic development would add substantially to support for employment-related reentry programs. Prison Reentry Strategies urges local officials with authority over economic development funds to investigate the options and opportunities and to address the details of integrating these two important social policies.

\textit{Strategy # 3: Expand and enhance Prison Industries Enhancement (PIE) programs}

The third new strategy for obtaining support for employment-related reentry programs is to expand and enhance private prison industries. Private prison industries have operated with federal authorization under the auspices of the Prison Industries Enhancement (PIE) program since 1979,\footnote{33} following on more than 150 years of different state and regional experiments with various forms of prison industries.\footnote{34} The Department of Justice oversees PIE programs through its contractor the National Correctional Industries Association (NCIA), a private non-profit organization headquartered in Baltimore, Maryland.\footnote{35}


\footnote{33} Justice System Improvement Act of 1979 (P. L. No. 96-157, Sec. 827 Stat.)

\footnote{34} For historical background, development , factors that influenced and benefits and drawbacks of prison industries leading up to PIE programming, see: Shilpa Avasare, \textit{Reconsidering Prison Industry Programs in America and their Value to Prisoner Reentry}, Program for Prison Reentry Strategies (8 March 2011) available on the Program’s web page at \texttt{www.law.northwestern.edu/legalclinic/prison/}; Rob Atkinson & Knut A. Rostad \textit{Can Inmates Become an Integral Part of the U.S. Workforce?} (Urban Institute Reentry Roundtable – May 2003); Marie Fajardo Ragghianti, Ph.D. “Prison Industries in South Carolina: 1996 – 2005 Why and How the Pie Model Prospered” (Unpublished doctoral thesis submitted to the Graduate School of the University of Maryland, College Park, Maryland , 2008) accessible on line at \url{http://dlpdf.net/prison-inmate-search-pdf-3-766.php on 1 April 2011}.

\footnote{35} The Association’s website, \url{http://www.nationalcia.org/} provides legal, descriptive and program data for PIE programs. The web site also describes the Association’s reentry goals and identifies a reentry task force.

NCIA is not to be confused with the National Center on Institutions and Alternatives (also identified by “NCIA” ) coincidentally located in Baltimore, Maryland, and engaged in providing alternatives to incarceration and employment for disabled and formerly incarcerated individuals.
DISTINGUISHING BETWEEN PIE PRIVATE INDUSTRY PROGRAMS AND PRISON INDUSTRIES

The PIE private industries program model is one version of programs that are generically-described as “prison industries.” There are, however, important differences among prison industries programs.

Most jails and prisons use prisoner and inmate labor to provide cleaning, food services, lawn care and other maintenance or operational services. Many prisons have programs that employ prisoners in the manufacture of goods or the provision of services for government or non-profit agencies. Of the latter program model, the largest and best known is Federal Prison Industries (FPI) operated by a semi-private corporation called UNICOR. In most of these settings, inmates are paid below-market wages --- pennies or no more than $1.50 per hour and goods produced are prohibited from the private marketplace.

PIE programs are authorized by federal legislation that creates an exception to long-standing federal laws prohibiting sale of prisoner produced goods in civilian markets. Companies that participate in the PIE program are private taxing, profit seeking firms producing goods and services for sale in public and commercial markets. These companies locate manufacturing and production units inside correctional institutions and engage inmates in those institutions to work for them. In order to avoid unfair competition and abusive practices, Federal law sets requirements on all parties, among them that a business participating in the PIE program cannot displace civilian workers, that the firm pay prevailing wages, that business and labor be consulted at the outset of the establishment of new programs.

Working within the PIE program framework, inmates earn prevailing or above-minimum wage pay from which they pay taxes, unemployment insurance and workers compensation and contribute to victim compensation funds, family support, and their own inmate savings accounts with total deductions not to exceed 80% of gross wages.

For the PIE program example with which Prison Reentry Strategies is most familiar, we turn to Kansas Correctional Industries’ (KCI) private industry program. In 2008 approximately 12 businesses operating within prison walls and three businesses outside prison walls employed more than 750 inmates under contracted arrangements with KCI’s private industry program. These inmates earned $10,231,644 in gross pay, averaging $6.93 per hour and approximately

36 For a program description of UNICOR, see, http://www.bop.gov/inmate_programs/unicor.jsp

37 Published descriptions of PIE programs usually include a breakdown of disbursements that an inmate is required to make from his or her earnings. However, calculation of benefits from a PIE program involves a more exacting set of factors (such as taxes actually paid compared to taxes estimated from the amount paid in gross wages). For a detailed analysis with projections of potential fiscal benefits of program expansion, see Thomas W. Petersik, Tapan. K. Kayak, and M. Katie Foreman Identifying Beneficiaries of PIE Inmate Incomes: Who Benefits from Wage Earnings of Inmates Working in the Prison Industry Enhancement (PIE) Program? (NCIA, Baltimore, MD, July 2003) Available from the National Institute of Corrections at: http://bit.ly/1wB2Qwi

38 See program brochure: http://bit.ly/kC1dzn

39 As reported on the KDOC website for 2010, http://www.doc.ks.gov/facilities/lcf/private-industries accessed May 11, 2011. The number of businesses in the Kansas program may have declined since 2008 when the KDOC reported 14 prison-based businesses and 17 non-prison based businesses see Kansas Department of Corrections Private Industry Programs 2008. (Made available on CD by the KDOC).

$13,000 per inmate for the year.\textsuperscript{41} Their salaries generated $1.4 million in federal social security and federal taxes, $222,141 in state taxes and an additional $2,614,825 for “room & board.”\textsuperscript{42}

The program obtains the kind of results that reentry programs seek. In Kansas, successful businessman Fred Braun has for 30 years championed a variation on the PIE program, employing prisoners to work on work release in various businesses outside prison walls. From the start his mission has been to reduce repeat offending.\textsuperscript{43} Braun staff documents recidivism, which he defined by any return to prison for any reason by any “successful alumni,” at 39.7\% cumulatively over 29 years.\textsuperscript{44} Braun’s reports are in line with the findings of a major national study sponsored by the National Institute of Justice that:

Those who worked in PIECP [PIE Certified Programs], gaining exposure to employment hard and soft skills, financial benefits, and the aesthetics of a work environment did significantly better in terms of post-release employment effects and recidivism effects than otherwise similar releases.\textsuperscript{45}

Their demonstrated efficacy as a reentry program notwithstanding, PIE prison industry programs and Braun’s work release variation are exceedingly underutilized. At various times and in various ways labor unions, the political left which identifies with labor interests, businesses fearing unfair competition and the political right favoring harsh punishment exclusive of rewarding employment have opposed prison industries in its different forms.\textsuperscript{46} As a result, PIE programs in most states are small to non-existent. The Kansas program is the second largest program in the country. Only inmates in South Carolina earn a greater collective income. In 2010, inmates in Kansas, South Carolina and three other states earned gross wages totaling $24,761,502 or nearly twice the $13,672,713 earned by inmates in all other PIE programs combined. PIE programs

\textsuperscript{41} Averages may be skewed by factors such as lower pay during training and employment for less than a full year. They have not been confirmed by the KDOC.

\textsuperscript{42} Kansas Department of Corrections Private Industry Programs 2008; see p. 7 for data. (Report made available on CD by the KDOC).

\textsuperscript{43} Braun and his companies have been profiled in numerous publications. See, Jack Quater, Beyond the Bottom Line: Socially Innovative Business Owners (Quorum Books, Westport, Conn. 2000) at pp. 135-142, 176-177.

\textsuperscript{44} Helen Flanner, Memorandum for The Workman Fund, dated November 3, 2009.


Additionally, the state and federal coffers benefited from the taxes paid and the room and board collected (Petersik, Nayak & Foreman, 2003). This would suggest that increased efforts should be expended to increase the number of private industry partnerships with the appropriate program monitoring and continued evaluation.

Other recidivism studies showing mixed to improving outcomes for PIE programs; see Ragghianti, Prison Industries in South Carolina, op. cit. at pp. 70, 100, 290-291, 298.

appeared not to have operated at all in 11 of the 47 reporting states.\textsuperscript{47} Nationally, the number of prisoners engaged in PIE programs is less than 5,000 or 0.3% of all state prisoners.\textsuperscript{48}

With so few of America’s two million prisoners involved in them, PIE programs present a tremendous untapped resource for funded employment-related reentry programming. Prison advocates\textsuperscript{49} and no less a voice for prisoner reentry than Prison Fellowship endorse private prison industries that fairly compensate inmates just as vigorously as they criticize UNICOR and its state counterparts that do not.\textsuperscript{50} Scholars, investigators and researchers favorably report private prison industries unique combination of benefits for inmates, particularly their ability to obtain and retain employment, and benefits for corrections and government through payment of some costs, taxes, and for victims and inmates’ families.\textsuperscript{51} The same NIJ study that found PIE private prison industry programs reduced recidivism also reported:

> [S]tate and federal coffers benefited from the taxes paid and the room and board collected (citation omitted). This would suggest that increased efforts should be expended to increase the number of private industry partnerships with the appropriate program monitoring and continued evaluation.\textsuperscript{52}

However, expansion of PIE prison industries should be accompanied by an enhancement of their reentry functions.

Even in Kansas, where Fred Braun’s mission has been to improve reentry and Kansas’ overall private industries program recites reentry goals, principles and best practices recommended for employment-related reentry programs are missing. Inmates in PIE industries are not selected with reentry goals in mind. Length of employment is determined more by the interest of business, which prefers minimal turnover to a reentry program’s interest in having the point at which an

\begin{itemize}
\item \textsuperscript{47} NCI A documents cumulative earnings data since 1979 on a quarterly basis. See, \url{http://www.nationalcia.org/?page_id=62}. Manually comparing data reported at the end of December 2009 and the end of December 2010 income earned in the five leading states were: South Carolina $9,670,494, Kansas $5,569,003, Minnesota (and Hennepin County) $3,930,511, Tennessee $3,050,671 and Texas $2,540,823 for a total of $24,761,502. The combined gross wages inmates earned in 42 other state (and local) PIE program was only $13,672,713.
\item \textsuperscript{48} Shilpa Avasare, Reconsidering Prison Industries, op. cit.
\item \textsuperscript{49} Among them CURE, a longstanding advocate of fairly-compensated prison employment directed toward preparing inmates for employment after release; see, \url{http://bit.ly/imRTng} (short link; accessed 17 May 2011)
\item \textsuperscript{50} Testimony of Pat Nolan, President of Justice Fellowship Before the Subcommittee on Oversight and investigations Committee on Education and the Workforce U.S. House of Representatives on Prison Industry Programs August 5, 1998. “The jobs should mirror actual jobs in the real world as closely as possible. To prepare inmates for jobs in the private sector, they must develop a sense of responsiveness to their customers’ needs and the market mechanisms for determining price.” Accessed on the Prison Fellowship web page; short cite: \url{http://bit.ly/kTnzPK} on 1 April 2011.
\item \textsuperscript{51} Can Inmates Become an Integral Part of the U.S. Workforce? Op. cit., at pp. 6-11;
\item \textsuperscript{52} Smith, C. J, et. al. Correctional industries preparing inmates for re-entry, op. cit. at p. 80. (Omitted citation is to the Petersik report, op. cit.).
\end{itemize}
inmate becomes proficient and self-sufficient and at which he or she leaves prison coincide as closely as possible. There is no coordinated program of aftercare or follow up with released inmates.\textsuperscript{53} Nationally, other private prison industry programs have failed to reconcile the preferences of a profit-making business with the design of an effective, efficient reentry program.\textsuperscript{54} Reconciliation is in order because fortifying private prison industries programs with reentry program “best practices” has the potential of converting the PIE program into an “ally of reentry.”\textsuperscript{55}

Before private prison industries become an “ally of reentry,” they must overcome the considerable opposition that has developed to them over time. Prisoner advocates, reentry professionals, grant making agencies and corrections leaders can help them to do so in several ways:

- Provide education and clarity about the distinctions between prison labor programs and correctional industries that pay inmates low wages and PIE private industries programs that pay on a competitive, living-wage scale.
- Put the advantages to businesses who participate in PIE prison industries programs, such as reduced rent and utilities, on the same footing as tax breaks, grants and other government incentives routinely used to attract new and retain established businesses to promote economic and jobs development.
- Incorporate PIE programs into a state or region’s economic and jobs development program.
- Gauge the appropriateness of financial considerations given businesses that participate in PIE prison industries against their loss in efficiency as they accommodate reentry program “best practices” and by taking into account savings that accrue to the public when businesses train, employ and pay prison inmates.

\textsuperscript{53} Observations during a visit in June 2010 (to be included in an upcoming report from Prison Reentry Strategies.)

\textsuperscript{54} One of several flaws in Florida’s controversial PIE program, called PRIDE, was that it employed inmates with long or even life sentences. See, Janet Zink, “Scotts Transition Team Trashes Prison Agency and Police Union,” Miami Herald Blog short link \url{http://bit.ly/li2qQg} accessed 9 May 2011.

\textsuperscript{55} At the conclusion of her lengthy study, Marie Figaro Ragghianti, Prison Industries in South Carolina, op. cit., recommends:

[T]he current emphasis on reentry in correctional circles presents an opportunity that is greatly under-utilized for PIE program administrators and those promoting the importance of reentry opportunities. The PIE program is a “natural” ally of reentry proponents. \textsuperscript{***} I recommend that closer attention be paid to special transitional services for PIE inmates on release from prison in order to maximize recidivism reductions and increased post-prison employment; otherwise, the progress achieved via the PIE program may dissipate over time.

Pp. 326-327.
III. Conclusion (revised November 2014)

This paper, originally prepared during the depths of the recession of 2008, outlines three strategies for increasing funding for employment related prisoner reentry. The paper proposes collaboration or partnerships between corrections and business. It suggests steps that federal, state and local agencies including the Bureau of Justice Assistance, the new federal Interagency Reentry Council, the Department of Labor, state corrections agencies and county or city governments administering community development programs can take to remedy the shortage of funding for education and training for returning prisoners.

After this paper was published in May 2011, the program for Prisoner Reentry Strategies continued fact finding, field inquiry and legal research. Students and the Project Director sought additional information about each of the three strategies for funding reentry programming from various sources including corrections professionals, the initiative’s Advisory Board, reentry program directors and academics. The conclusions and the opinions stated in this paper were modified slightly but generally affirmed and restated in subsequent publications.

For comment or for further information refer to:
http://www.law.northwestern.edu/legalclinic/prison/

Or contact:

Malcolm C. Young,
Attorney & Consultant
Washington, D. C.

Direct phone: 773-726-8123
Email: youngmalcolmc@gmail.com

Reissued 5 November 2014