

BRIEF ANALYSIS

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Creating Factories Behind Bars

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The Bush administration has announced its intention to reach across party lines and look at old problems in new ways. Perhaps nowhere would this strategy reap a greater harvest than in jointly alleviating the 93 percent unemployment rate behind the gates of American prisons and a workforce shortage that threatens American competitiveness.

Consequences of Warehousing Prisoners. This year more than 600,000 convicts will be released from prisons into our towns and neighborhoods — most released on parole.

- Only 9 percent of these inmates have had full-time vocational training or education programs while in prison, and fewer still gained any real work experience.
- In a typical state prison, only 7 percent of inmates work in jobs producing goods and services for use beyond prison fences.

In the face of these facts, it is not surprising that many end up in prison again. Almost two-thirds of those released in any year will be rearrested — and a majority of those will be returned to prison — within three years. As the figure shows, only 50 percent of parolees successfully completed their parole in 1990, and by 1999 the figure had shrunk to 43 percent. For these dismal results, taxpayers pay \$40 billion a year to fund our nation's jails and prisons.

The irony of the “high unemployment /recidivism” syndrome is that it coexists with a workforce crisis. American business faces tremendous hurdles filling jobs at all levels with qualified American workers. The National Association of Manufacturers says that a “skills gap threatens U.S. competitiveness,” a gap that often

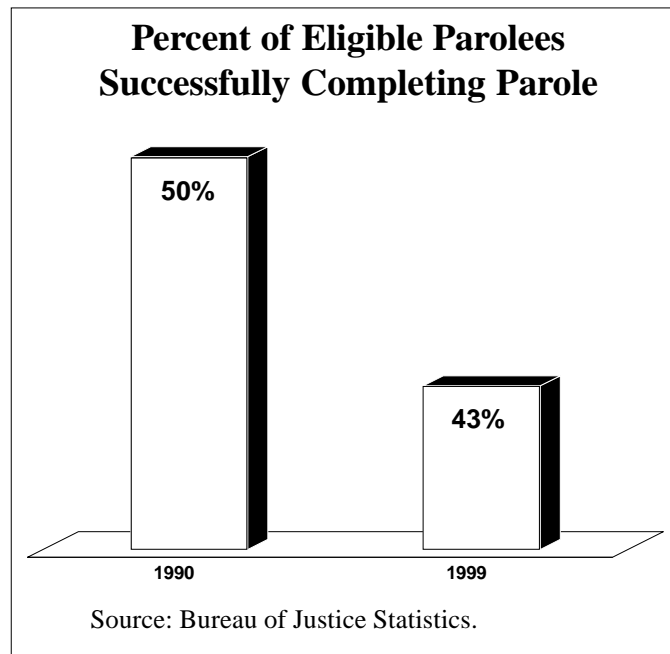
involves poor work habits like workers failing to “get to work on time and stay for a full day.”

The NAM is not alone in its assessment. *Fortune* magazine reports that the National Tooling and Machining Association estimates 25,000 jobs are going unfilled and concludes, “There’s nobody left to hire, at least nobody with rudimentary skills who understands it’s necessary to show up on time every day.” David Goodreau, president of the Burbank, California-based Newman Machine Works, adds, “Today, many manufacturers are crippled from a dearth of skilled, motivated and reliable workers with an aptitude for math and a sense of teamwork. Too often we are left with unskilled, lower-wage workers who just aren’t world-class workers.”

Coping with the Labor Shortage. Offshore operation is the most common structural answer to the domestic skills gap for manufacturing and service companies alike. Mexico has become the “New South” for many North American manufacturers seeking a productive, close-by workforce, and as the Internet

and information economy take hold, the new workforce may be more far-flung. MIT professor Michael Dertouzos sees white-collar “back-office” functions now heading to India from North America and Europe and predicts the number will rise over the next decade to as many as 50 million jobs, paying on average \$20,000 a year (in 1999 dollars).

Using Prisoners in the Workforce. There are, of course, alternatives to India for American companies. For labor-intensive manufacturing, assembly or service companies that might head offshore, what might be called an “InPrison” operation can provide an excellent, cost-effective domestic alternative. Experience and research reveal that business managers find inmates



surprisingly motivated, reliable and productive. How productive?

A Deloitte & Touche study in 1999 analyzed the unit labor costs and productivity of InPrison manufacturing settings and concluded that using inmates in tasks with a relatively short learning curve results in “greater than standard productivity” and “direct labor cost savings.” A survey by the Enterprise Prison Institute of InPrison business operations in Washington state revealed employers believe the single most valuable aspect of prison production is “the flexibility, reliability, and/or quality of the inmate labor.”

Case Study: Training for Free World Work. Legislators and manufacturers alike who want a “world class” workforce might note the example of “Barbara Alvarado” (not her real name). Today, Barbara works as a quality assurance manager in Silicon Valley. She gained this position despite an employment history limited to selling used cars — until she went to prison. Barbara completed two years of work for Joint Venture Electronics while serving her prison term for a drug offense at the Central California Women’s Facility. Under the watchful eye of industry veteran Jack Lee, Barbara was trained in every aspect of printed circuit board harness and cable assembly in a training program based on high-quality military standards.

“Our company orientation revolves around training,” Lee explains. “We cross-train employees in all operations in order to be as flexible as possible. While I set production requirements, scheduling and staffing decisions are made by departmental group leaders in conjunction with other leaders. By the time an employee leaves us they will have a well-rounded knowledge in electronics specifically, and production supervision management generally.” Thirty-three women who worked for JVE have been paroled and have kept in contact over the past four years. About half work in electronics or management, and one — just one — has been returned to prison. This compares to a statewide recidivism rate of 50 percent.

An Opportunity for Change. What can the new administration do to both cut prison unemployment and alleviate the workforce crisis in the economy? Leader-

ship should occupy the middle ground among the conflicting interests surrounding prison labor policy and attract broad, bipartisan support. Goals would include:

- Supplement traditional government-run prison industries like apparel manufacturing with private businesses that employ inmates in technologically driven jobs.
- Eliminate the requirement that government agencies purchase prison-made goods.
- Encourage partnership, contracts and outsourcing in order to recruit private sector companies for prison production.
- Encourage faith-based organizations to provide comprehensive programs for inmate training, jobs and mentoring.
- Monitor the transition to insure net job additions as new enterprises replace “old economy” prison jobs.

The administration also should coordinate the efforts of agencies like the Department of Health and Human Services and the Department of Labor, along with private efforts, to improve and expand the training and employing of prison inmates by private companies and nonprofits. The overall idea is to make prison labor available to American industry on terms similar to those of the general marketplace. In the process, prisoners gain work skills and raise the chances of lowering their recidivism rates after release, while industry alleviates its workforce crisis.

Former Attorney General Edwin Meese often speaks about how little prison management has changed over the decades. Meanwhile, technological and political changes sweeping the world economy have upended the former Soviet Union, drastically altered the economy of China and reengineered the business models of the world’s greatest corporations. It is time for these same ideas and forces to change prisons as we know them — to make free market production and wages as common and important inside prison as outside. The new administration should make prisons over.

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