

Testimony before the Committee on Judiciary on:

H.B. 2375

Establishing the Joint Venture Enterprise Board  
and  
Providing for Employment of Inmates by Private Industry

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Mr. Chairman, distinguished members, I am appearing before this Committee to testify on behalf of H.B. 2375 because experience in 20 states over the last decade has demonstrated that when properly managed prison-based joint ventures:

1. help American industry remain competitive in the global market place;
2. generate financial benefits for everyone;
3. make prisons easier to manage; and
4. provide an opportunity for prisoners to learn valuable work habits while demonstrating their ability to produce quality goods and services.

I would like to briefly address each of these points.

1. JOINT VENTURES AID AMERICAN COMPETITIVENESS

Demographic data indicates that one of the principle obstacles to America's future competitiveness in the global market place will be a dramatic shortage of qualified entry-level workers.<sup>1</sup> In the coming decade, the number of qualified people available for work is expected to shrink at the same time that Americans grow older. A recent survey conducted by the National Association of Manufacturers found that serious labor shortages will exist throughout the country, with the severest shortages occurring in the Middle Atlantic states.<sup>2</sup> These shortages are likely to be most troublesome for small business, the very segment of the economy which is expected to generate the greatest

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<sup>1</sup> See, William B. Johnston and Arnold E. Packer, Workforce 2000: Work and Workers for the 21st Century, The Hudson Institute, (Indianapolis, Indiana) June 1987.

<sup>2</sup> See, National Association of Manufacturers, Today's Dilemma: Tomorrow's Competitive Edge, (Washington, DC) November 1991.

job growth in the future. While the current economic recession masks this problem, the negative repercussions of labor shortages, including the trend toward the use of offshore labor, are inevitable unless we create additional sources of domestic labor to help private industry compete in the market place. H.B. 2375 will create jobs in Pennsylvania by enabling correctional administrators to do what their colleagues in 36 other states are authorized to do: allow inmates who volunteer for private employment (and who otherwise would likely remain idle) to become available as a productive resource for the American economy.

The Chesapeake Cap Company's new plant at the maximum security prison at Somers, Connecticut illustrates this point. In 1990 the company was looking for a location for a new production facility which was to take the place of a plant which it had formerly operated in China. Chesapeake's management, aware that one of its competitors was pleased with a prison-based work force which it was employing in the Northwest, was considering employing a similar work force in the Middle Atlantic region, close to the company's headquarters in Baltimore. Unfortunately, joint ventures were not authorized by any states in the region at that time, and as a result Chesapeake located its new plant in New England, bringing 30 new jobs to Connecticut (including 3 for civilian supervisors).

2. JOINT VENTURES TURN INMATES INTO TAXPAYERS

Everyone wins when prison-based joint ventures are properly managed because inmates employed by private industry generate tangible financial benefits for all. Last year, inmates employed in joint ventures returned about \$.33 for every dollar earned in the form of taxes, victim's compensation, family support, and room and board. Recently in Kansas, Governor Finney accepted a symbolic check for \$1 million representing the total amount contributed by joint venture inmate-workers to that state's tax base during the prior decade.

3. JOINT VENTURES MAKE PRISONS EASIER TO MANAGE

Prison-based joint ventures can be used by correctional administrators as a motivational tool to encourage positive behavior on the part of inmates. Because private sector jobs typically are the highest paying jobs available in prison, inmates are more willing to maintain positive behavior records and more likely to enroll in required education and pre-employment training programs to maintain their eligibility for such jobs. Inmates employed in joint ventures and those waiting to become so employed are less likely to engage in negative behavior because a private sector job represents a stake in the future.

4. JOINT VENTURES GIVE INMATES A CHANCE  
TO PROVE THEY CAN DO THE JOB RIGHT

Work is a central component of most Americans' lives, and there is general agreement that prisoners should work as well. Joint ventures introduce private sector performance expectations,

obligations, and rewards to the inmate work force. Exposure to the methods and standards of private business provides a valuable experience for inmates who will need to engage in productive work upon release from prison. Companies employing a prison work force have found inmate-workers to be highly motivated and readily capable of performing a variety of jobs. When properly trained and supervised, inmates work productively and provide products which consistently meet the highest quality standards. In the mid-1980s, for example, inmates employed by the Control Data Corporation in Minnesota won that company's quality control award for disk drive assembly three years in a row.

JOINT VENTURES: FAIRNESS IS THE KEY TO SUCCESS

The ability of prison-based joint ventures to produce the kind of tangible benefits discussed above has generated much discussion in the corrections community, has raised the visibility of such enterprises with interest groups beyond the prison walls, and has focused attention on the role of inmates in today's work force and their rights and responsibilities as workers. H.B. 2375 recognizes that each party in a joint venture not only has rights, but also responsibilities. If enacted, the bill will create an oversight body with the authority to assure that joint ventures will be fair to all stake holders. The bill provides specific protections for:

- o civilian workers by prohibiting their displacement by inmate-workers;

- o taxpayers by providing a means by which inmates can contribute to the compensation of victims, offset the cost of their incarceration, and help support their families;
- o private industry by giving priority to ventures which will spur economic development;
- o correctional agencies by enhancing work opportunities at reasonable costs; and
- o inmates by providing jobs which reward performance with wages comparable to those earned by civilian workers in like industries.

H.B. 2375 represents a unique opportunity which will allow the public and private sectors to join forces in addressing two pressing needs in the Commonwealth: criminal justice reform and economic development. I encourage the members of this Committee to work for its passage.