

**Joint Legislative Committee on Performance
Evaluation and Expenditure Review (PEER)**

Report to
the Mississippi Legislature



A Performance Review of the Mississippi Prison Industries Corporation

In 1990, the Legislature created the Mississippi Prison Industries Corporation (MPIC) and defined its mission and goals. These include providing inmates with useful activities that can lead to meaningful employment after release in order to assist in reducing recidivism, reducing the cost of state government, mirroring as closely as possible operations of private industry for rehabilitative purposes, reducing idleness of inmates, and providing an incentive for good behavior. The law also notes that Mississippi's prison industries should "not seek to unreasonably compete with private enterprise."

Because certain provisions of the law (i. e., rehabilitation of inmates and competition with the private sector) create tension with each other, a disciplined approach is needed to ensure that MPIC's mission is achieved and that the benefits of increased job skills, training, and rehabilitation are derived from MPIC's programs. However, MPIC has not sufficiently collected or monitored the data needed to ensure both the benefits of its programs and that it is achieving its mission.

Further, MPIC has not provided inmates with the best opportunities to increase their work skills and employability. MDOC should play an important role in the overall effectiveness of correctional work programs; however, MDOC has not provided a comprehensive plan for correctional work programs or reported data on post-release job placement and recidivism for MPIC participants, both of which are necessary to measure the programs' outcomes and effectiveness.

PEER: The Mississippi Legislature's Oversight Agency

The Mississippi Legislature created the Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER Committee) by statute in 1973. A joint committee, the PEER Committee is composed of seven members of the House of Representatives appointed by the Speaker and seven members of the Senate appointed by the Lieutenant Governor. Appointments are made for four-year terms, with one Senator and one Representative appointed from each of the U. S. Congressional Districts and three at-large members appointed from each house. Committee officers are elected by the membership, with officers alternating annually between the two houses. All Committee actions by statute require a majority vote of four Representatives and four Senators voting in the affirmative.

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The Committee assigns top priority to written requests from individual legislators and legislative committees. The Committee also considers PEER staff proposals and written requests from state officials and others.

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The Mississippi Legislature

Joint Committee on Performance Evaluation and Expenditure Review

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June 11, 2013

Honorable Phil Bryant, Governor
Honorable Tate Reeves, Lieutenant Governor
Honorable Philip Gunn, Speaker of the House
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On June 11, 2013, the PEER Committee authorized release of the report entitled
A Performance Review of the Mississippi Prison Industries Corporation.

A handwritten signature in cursive script that reads "Ray Rogers".

Representative Ray Rogers, Chair

This report does not recommend increased funding or additional staff.

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A Performance Review of the Mississippi Prison Industries Corporation

Executive Summary

Introduction

PEER received an inquiry from a legislator regarding whether the Mississippi Prison Industries Corporation (MPIC) is in conformity with its statutory mandate. The complaint alleges that MPIC might have exceeded its statutory authority because of:

- the accumulation of a large asset base;
- the sale of products not manufactured by inmates; and,
- “unreasonable” competition with private businesses.

PEER focused its analysis on determining whether MPIC’s operations are accomplishing its statutory mission and goals.

In assessing the activities of MPIC in relation to its statutory mission and goals, PEER sought to answer the following questions:

- How did the Mississippi Prison Industries Corporation begin and what is its purpose?
- How does MPIC operate?
- How well is MPIC accomplishing its statutory mission and goals?

Background

Prison industries are work programs in correctional facilities that aim to provide real-world experience to inmates in order to increase inmates’ job skills and instill a work ethic so that they are better prepared to re-enter society and gain employment.

Although the prison industries program is not a new concept in Mississippi, the Mississippi Prison Industries Act of 1990 created the current prison industries program and defines MPIC’s mission and goals. These include providing inmates with useful activities that can lead to meaningful employment after release in order to assist in reducing recidivism, reducing the cost of state government, mirroring as closely as possible operations of

private industry for rehabilitative purposes, reducing the idleness of inmates, and providing an incentive for good behavior. The law also notes that Mississippi's prison industries should "not seek to unreasonably compete with private enterprise."

MPIC is governed by a thirteen-member board appointed by the Governor with the advice and consent of the Senate. The corporation employs full-time, non-inmate employees, as well as non-inmate contract employees, and operates five traditional industry work programs at the state prisons with inmate labor. MPIC also contracts with private businesses to use inmate labor and prison space to supplement the businesses' workforce.

In FY 2012, MPIC provided work opportunities for 338 inmates. Sales for that fiscal year totaled approximately \$6.5 million and were primarily made to government entities. Net profits were \$30,873; overhead expenditures totaled approximately \$1.6 million; and MPIC's assets were valued at approximately \$10.2 million.

Conclusions

The following summarize PEER's conclusions regarding whether MPIC is accomplishing its statutory mission and goals.

- *The challenge of balancing MPIC's statutory mission and goals with its programs*--Although its enabling legislation requires that MPIC provide inmate training and rehabilitation, the law also requires that prison industries should not "unreasonably compete with private enterprise." MPIC must strike a balance between achieving its mission and not unreasonably competing with the private sector by knowing (through collecting and analyzing relevant data) to what extent its programs are producing benefits.
- *Post-release employment and recidivism*--MPIC programs closely duplicate the operating activities of a free enterprise. Whether this duplication produces the desired rehabilitative results is unknown because neither MDOC nor MPIC has tracked and reported post-release employment or recidivism data for MPIC program participants and has not established post-release performance measures. Such data is necessary for MPIC to measure its success in achieving its goal of improving inmate rehabilitation.
- *Inmate idleness*--MDOC and MPIC share responsibility for reducing inmate idleness through various education, treatment, and work programs. For FY 2012, approximately three percent of inmates in the three state prisons (and one and a half percent of

inmates in correctional facilities across the state) were involved in MPIC's work programs. Neither MDOC nor MPIC maintains a waiting list for inmates who wish to participate in MPIC programs; therefore, it is unknown to what extent MPIC is able to serve the number of inmates who want to participate in its programs.

- *Cost avoidance*--One of MPIC's statutory goals is to reduce the cost of state government; however, MPIC has not tracked its reduction of the state's costs by operating industries with inmate labor. Thus, MPIC cannot illustrate how effective it is at saving the state money.
- *Inmate work skills and employability*--Due in part to a lack of direction by MDOC, MPIC has limited coordination with MDOC's vocational education programs and has not aligned its industries with industries that are growing in Mississippi. Further, MPIC has not offered inmates classroom training or auxiliary programs through community colleges, as authorized by state law. As a result, inmates have missed the opportunity to increase their skills and their employability, which would likely provide for more successful re-entry into the community upon release.
- *Use of assets*--In 2005, MPIC built a men's transition center, which provides pre- and post- job placement services to its residents for successful re-entry into the community. The transition center provides valuable re-entry services to certain inmates who are typically not a part of MPIC's work programs in the prisons. However, PEER questions whether this is the highest and best use of MPIC's assets, given its statutory goals to rehabilitate inmates through useful work activities (i. e., through its work programs in the prisons) and reduce the cost of state government by operating prison industries programs with inmate labor.

Also, MPIC does not have a written contract with MDOC to operate the transition center. As a result, there is an increased risk for confusion in the management of the center and with payments for operations.
- *Resale and reporting of items not manufactured by inmates*--MPIC does not report sales for finished goods separately from sales for items manufactured by inmates. Instead, MPIC attributes some of its sales of finished goods to its furniture/service shop, where the goods are handled and repackaged. This practice provides an inaccurate picture of the sales and net profits of the furniture/service shop.
- *Time frames for capital expenditures*--MPIC has approximately \$4 million in cash assets. Of that

amount, MPIC included approximately \$3.6 million in its capital expenditures forecast dated January 2013. However, the forecast provided no time frames for when MPIC plans to spend this money.

Recommendations

1. In order for MPIC to show its impact on post-release inmate outcomes (i. e., employment and recidivism), MPIC should partner with researchers at a community college or university. Research questions might include:
 - Do released inmates who have participated in an MPIC program have a lower recidivism rate than released inmates who have not participated in an MPIC program?
 - Do released inmates who have participated in an MPIC program have a higher rate of employment after release than released inmates who have not participated in an MPIC program?
 - Are released inmates employed using their skills after release?

At minimum, MPIC should maintain data and records to show recidivism rates for inmates who have participated in MPIC programs.

2. MPIC should track its cost avoidance or cost savings to government entities, particularly in regard to the amount of money saved by providing goods and services at a lower price than the market prices. This cumulative figure should be included in MPIC's annual report and could be used for promotional purposes to increase sales.
3. MDOC should maintain a waiting list of all inmates interested in MPIC programs. This list should be monitored by MPIC to help gauge how well it is serving the number of inmates who want to participate.
4. MPIC should seek to form a stronger relationship with MDOC's vocational programs for the purpose of coordinating efforts in rehabilitating inmates. To help ensure that released inmates have been taught skills valued by hiring industries, MDOC and MPIC should engage businesses and industries in designing vocational and employment-related reentry programs.
5. MPIC should more proactively seek opportunities to engage Mississippi Delta Community College and other community colleges in certifying inmates or providing further instruction for inmates.

6. MPIC should use employment projections from the Mississippi Department of Employment Security to identify the industries, jobs, and skills that will be in demand in this state. MPIC should then respond to those demands by developing industries accordingly and, when feasible, in coordination with vocational programs.
7. MPIC should develop performance indicators that are measurable and directly related to its statutory goals. These indicators should be included in MPIC's annual report and could be used for promotional purposes to increase sales or help to develop a positive image.
8. MPIC should add timeframes to its capital expenditures forecasts.
9. MPIC should improve the accuracy of its reporting by separating manufactured items from resale items. Such reporting would improve the accuracy of the sales data and would provide management with a more accurate picture of where MPIC is losing money, for which items it should review pricing structure, or whether it should consider closing the furniture shop due to low sales and consistent net losses.
10. MDOC should create a master plan for correctional work programs that should describe a logical sequence of training, employment, and post-release job placement for inmates, as required by MISS. CODE ANN. Section 47-5-573.
11. MDOC should include in its annual report post-release employment data and recidivism data for inmates who participated in MPIC programs, as required by MISS. CODE ANN. Section 47-5-559.
12. If MPIC does not provide a clear resolution of the accountability issues identified in this report by June 30, 2016, the Legislature should consider instituting a sunset review to determine whether MPIC is serving a clear purpose or whether MPIC should be dissolved.

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A Performance Review of the Mississippi Prison Industries Corporation

Introduction

Authority

In response to a legislative request, the PEER Committee assessed the activities of the Mississippi Prison Industries Corporation (MPIC) in relation to its statutory goals.

PEER conducted the review pursuant to the authority granted by MISS. CODE ANN. Section 5-3-57 et seq. (1972). The Committee acted in accordance with MISS. CODE ANN. Section 5-3-51 et seq.

Problem Statement

PEER received an inquiry from a legislator regarding whether the Mississippi Prison Industries Corporation is in conformity with its statutory mandate. The complaint alleges that MPIC might have exceeded its statutory authority because of:

- the accumulation of a large asset base;
- the sale of products not manufactured by inmates; and,
- “unreasonable” competition with private businesses.

PEER focused its analysis on determining whether MPIC’s operations are accomplishing its statutory mission and goals.

Purpose and Scope

In assessing the activities of MPIC in relation to its statutory mission and goals, PEER sought to answer the following questions:

- How did the Mississippi Prison Industries Corporation begin and what is its purpose?
- How does MPIC operate?
- How well is MPIC accomplishing its statutory mission and goals?

Method

In conducting this review, PEER:

- reviewed applicable state and federal laws and regulations;
- reviewed administrative and financial records of the Mississippi Prison Industries Corporation, including:
 - policy and procedures manual;
 - organizational chart;
 - budget;
 - audited financial statements;
 - annual reports;
 - data related to production and participation rates;
 - contracts with private industries for joint venture projects; and,
 - ad hoc reports produced by MPIC staff;
- reviewed annual reports and applicable policies and procedures of the Mississippi Department of Corrections regarding correctional work programs;
- reviewed data and reports from the Mississippi Department of Employment Security; and,
- interviewed staff of the Mississippi Prison Industries Corporation and the Mississippi Department of Corrections.

Background

This chapter includes:

- a definition of *prison industries*;
- history of prison industries in Mississippi;
- statutory authority, mission, and goals of MPIC; and,
- MPIC's organization and work programs.

What are Prison Industries?

***Prison industries* are work programs in correctional facilities that aim to provide real-world experience to inmates in order to increase inmates' job skills and instill a work ethic so that they are better prepared to re-enter society and gain employment.**

According to the National Correctional Industries Association (NCIA), *prison industries*, also known as *correctional industries*, are:

. . .the work programs in correctional facilities that provide real world experience to inmates, teaching them transferable job skills and work ethic to help them prepare for post-release re-entry and employment.

Prison industries programs are typically self-funded, as they rely on revolving funds from the income generated by the sale of the products and services they offer through the program.

History of Prison Industries in Mississippi

The prison industries program is not a new concept in Mississippi. Since 1978, the program's focus has primarily been on the training and rehabilitation of inmates.

Prior to 1972, selected inmates at Mississippi State Penitentiary supervised the penitentiary's work system and provided security over other inmates. Work included row crop farming, a dairy and beef herd, and swine and poultry operations. Also, the penitentiary was involved in garment manufacturing, vegetable canning, shoe repair, printing, and bookbinding.

In 1972, a federal court decision (*Gates v. Collier*) determined that inmates could not supervise and provide security over other inmates. Thus, the penitentiary shifted from a working institution to a facility primarily used to house inmates. However, the decision did not close all of

the inmate labor operations. Bookbinding and selected farming operations, for example, continued.

In 1978, the Legislature passed the Prison-Made Goods Act to provide more “adequate, regular, and suitable employment for the vocational training and rehabilitation” of state inmates, to utilize inmate labor for maintenance and to reimburse the state for costs of incarceration, and to set up a system whereby state agencies would directly purchase prison-made goods.

The act authorized inmate training and rehabilitation to take place in penal units under the Mississippi Department of Corrections (MDOC) and required state agencies to buy the products of this prison labor. (A 1981 amendment deleted the requirement that state government entities purchase prison-made commodities.)

MDOC’s first major effort under the Prison-Made Goods Act was a janitorial supply operation that began in 1979. Administrative staff were hired to oversee this operation. MDOC began referring to all of its prison industries operations as Mississippi Correctional Industries, or MCI. MCI’s primary objectives were to provide gainful work to more inmates and reduce incarceration costs.

In 1982, the Legislature established the Correctional Industries Work Program Act, which directed MDOC to work with private industry, the Department of Economic Development (functions of which are now performed by Mississippi Development Authority), the Mississippi Research and Development Center, and Mississippi State University’s Cooperative Extension Service to identify and locate viable industries and businesses to use inmate labor. Also, this act directed MDOC to establish a prison industry at Parchman for the growing, harvesting, and processing of vegetables.

MCI continued to manage the prison industries, establishing new operations and discontinuing some of its operations, until the Legislature passed the Mississippi Prison Industries Act of 1990.

Statutory Authority, Mission, and Goals of MPIC

The Mississippi Prison Industries Act of 1990 created the current prison industries program and defines MPIC's mission and goals. The Legislature recently changed laws governing state agencies and governing authorities' purchases from MPIC in a way that could affect MPIC's future sales and operations, although the impact will most likely be minimal.

Statutory Authority

The Mississippi Prison Industries Act of 1990 created the current prison industries program. The act created a nonprofit corporation to operate already existing and any new prison industries independent from the Department of Corrections.

During the 1990 Regular Session, the Legislature enacted the Mississippi Prison Industries Act of 1990. The act called for the formation of a nonprofit corporation to operate industries independent from the Department of Corrections and provide work opportunities and training for the state's inmates. The act transferred control and management of already existing program assets and funding to this nonprofit corporation. The act also gave the corporation the authority to create any additional programs it deemed fit, except for any program that duplicated a prison agricultural program or product.

The Mississippi Prison Industries Corporation (previously known as the Mississippi Prison Industries Act, Inc., as well as Magnolia State Enterprises) filed its articles of incorporation as a nonprofit corporation with the Secretary of State in 1990. The corporation assumed responsibility for the state's prison industries program in February 1991. Existing programs included printing and bookbinding, garment manufacturing, janitorial supplies, and farm operations. MPIC's Board of Directors voted to change the corporate name to Mississippi Prison Industries Corporation (MPIC) in 1995.

According to a determination letter dated May 21, 1991, MPIC is a tax-exempt organization under Section 501 (c) (3) of the Internal Revenue Code. MPIC is structured similarly to traditional private business; however, MPIC's non-inmate employees do participate in the state's retirement system.¹ According to MPIC's Employee Handbook, non-

¹ In 1991, an Attorney General's opinion stated that because Mississippi Prison Industries Association (a former name of MPIC) is a body politic and corporate established for a governmental purpose, sovereign immunity applies and employees are therefore eligible to participate in PERS. A 2011 Attorney General's Opinion (#2011-00340) verified this, saying that MPIC performs a number of governmental functions.

inmate employees are at-will (i. e., employees are free to resign at any time and MPIC's Chief Executive Officer has the right to terminate an employee at any time with or without reason and with or without advance notice).

MPIC's Statutory Mission and Goals

MISS. CODE ANN. Section 47-5-533 (1972) defines MPIC's mission and goals. These include providing inmates with useful activities that can lead to meaningful employment after release in order to assist in reducing recidivism, reducing the cost of state government, mirroring as closely as possible operations of private industry for rehabilitative purposes, reducing the idleness of inmates, and providing an incentive for good behavior.

The legislative intent and mission of the Mississippi Prison Industries Act of 1990 is clearly defined in MISS. CODE ANN. Section 47-5-533 (1972), a portion of which states:

- (1) It is the finding of the Legislature that prison industry programs of the State Department of Corrections are uniquely different from other programs operated or conducted by other departments in that it is essential to the state that the prison industry programs provide inmates with useful activities that can lead to meaningful employment after release in order to assist in reducing the return of inmates to the system. (2) It is further the finding of the Legislature that the mission of a prison industry program is:*
 - (a) To reduce the cost of state government by operating prison industries with inmate labor, which industries do not seek to unreasonably compete with private enterprise;*
 - (b) To serve the rehabilitative goals of the state by duplicating as nearly as possible, the operating activities of a free-enterprise type of profit-making enterprise; and*
 - (c) To serve the security goals of the state by reducing the idleness of inmates and by providing an incentive for good behavior while in prison.*

Appendix A, page 39, summarizes the major statutory provisions of MISS. CODE ANN. Section 47-5-531 et seq. (1972).

Recent Statutory Changes

During the 2013 Regular Session, the Legislature passed House Bill 1293, which removed from most state agencies and governing authorities the ability to make purchases of over \$5,000 from MPIC without having to participate in the state's public purchasing bidding requirements. This statutory change could affect MPIC's future sales and operations. The impact could be minimal, however, because most of MPIC's sales to agencies and authorities affected by this change are for amounts less than \$5,000.

Mississippi has historically had a "preference law" by which state agencies could buy from MPIC and not have to go through the bidding process. According to the 2013 National Correctional Institution Association Directory, sixty-eight percent of states have such preference in the state procurement process.

Beginning on July 1, 2013, state agencies and governing authorities (excluding MDOC, regional correctional facilities and private prisons) must abide by the public purchasing bidding requirements when purchasing MPIC goods. For purchases over \$5,000 but under \$50,000, state agencies and governing authorities must obtain two competitive written bids. These bids may be obtained without publishing or posting advertisement for bids, as long as the lowest and best bidder is selected.

MPIC's sales could be affected if competitors consistently submit a written bid for less than MPIC's bids. As a result, production would decrease. However, the true impact could be minimal because most of MPIC's sales to the agencies and authorities affected by the change are for amounts less than \$5,000, according to MPIC and based on a cursory review of MPIC's sales journal.

MPIC's Organization and Work Programs

MPIC is governed by a thirteen-member board appointed by the Governor with the advice and consent of the Senate. The corporation employs full-time, non-inmate employees, as well as non-inmate contract employees, and operates five traditional industry work programs at the state prisons with inmate labor. MPIC also contracts with private businesses to use inmate labor and prison space to supplement the businesses' workforce.

How MPIC is Organized and Operated

MPIC is governed by a thirteen-member board, including two ex-officio members—the Commissioner of the Department of Corrections and the President of the Mississippi Delta Community College. In FY 2012, MPIC employed twenty-seven full-time, non-inmate employees and five non-inmate contract employees to operate its prison industries. Employees are located

at MPIC's central facility in Jackson, the manufacturing and service facilities at the three state prisons, and at a men's transition center located in Jackson.

The MPIC Board

As required by MISS. CODE ANN. Section 47-5-541 (1972), MPIC is governed by a thirteen-member board of directors, eleven of whom are appointed by the Governor with the advice and consent of the Senate, and two ex officio members who may vote but not serve as officers. The board of directors consists of:

- one member from the manufacturing industry;
- one member from the agricultural industry;
- one member from the banking and finance industry;
- one member from the labor industry;
- one member from the marketing industry;
- six state-at-large members;
- the Mississippi Department of Corrections Commissioner (ex officio member); and,
- the Mississippi Delta Community College President (ex officio member).

MPIC Employees and Office Locations

The board is responsible for appointing a Chief Executive Officer (CEO) to administer the daily operations of the corporation, hire and dismiss employees, execute contracts, and perform other management duties.

In FY 2012, MPIC employed twenty-seven full-time, non-inmate personnel and five non-inmate contract personnel to administer and operate its prison industries. Areas of responsibility include administration, accounting, sales and marketing, production, and transition center re-entry services. (See Appendix B, page 42, for MPIC's organizational chart.)

MPIC's administrative offices are located in Jackson. Manufacturing and service divisions are located in:

- Mississippi State Penitentiary, Parchman;
- Central Mississippi Correctional Facility, Pearl; and,
- South Mississippi Correctional Institution, Leakesville.

MPIC also includes in its organizational chart the staff at MPIC's men's transition center, also located in Jackson. The transition center offers re-entry services to released inmates. (See page 31 for discussion.)

Inmate Participants and Wages

MPIC operates the prison industries program primarily with inmate labor. However, MISS. CODE ANN. Section 47-5-557 (1972) states:

. . .any inmate who performs work for the corporation, except those inmates employed by the corporation in the Prison Industry Enhancement Program under Section 47-5-1251, shall not be deemed an agent, employee or involuntary servant of the corporation while performing such work or while going to and from work or other specified areas.

Most inmate participants in MPIC programs earn wages based on the following, as approved by MPIC's CEO:

- base hourly traditional work compensation that varies from \$0.20 to \$1.30, depending on length of participation in program; and,
- incentive bonus compensation for traditional work in addition to the base hourly compensation, with incentives based on:
 - attendance (ten-hour bonus per month for perfect work attendance);
 - quality of work (ten-hour bonus per month for flawless quality on production);
 - production (ten-hour bonus per month for meeting production quotas set by the Production Manager); and,
 - extra contribution to the program (twenty-hour bonus per month when documented that the participant contributed beyond assigned responsibilities to the general improvement of operation's production and/or quality).

Inmates who participate in a private sector venture or a Prison Industry Enhancement Certification Program (PIECP) are paid the federal minimum wage of \$7.25 or higher, according to PIECP regulations. In many cases, inmates also receive meritorious earned time or trusty earned time for participation, which equals either ten days or thirty days off of an inmate's sentence for every thirty days of participation in an approved work or educational program. Certain requirements exempt some inmates from receiving earned time (e. g., inmates who have been found guilty of a serious rule violation within the last six months or inmates with life sentences).

MPIC's Work Programs

MPIC operates five traditional industry work programs at the three state prisons. These programs use inmate labor to manufacture products and services for purchase by state agencies, local governments, educational institutions, and private entities as authorized by state law. MPIC also contracts with private businesses that allow these businesses to use inmate labor and prison space to supplement the businesses' workforce. The recycling operation at Central Mississippi Correctional Facility, which began in FY 2013, is an example of a private business venture that cooperates with MPIC.

Mississippi Prison Industries Corporation operates two main types of inmate work programs:

- *Traditional industries*--MPIC owns and operates industries that sell inmate-manufactured products to entities as authorized by state law. MISS. CODE ANN. Section 47-5-549 (1972) states that items may be sold to "any legislative, executive or judicial branch of the state, any political subdivision or any governing authority of the state, any other state, any school college or university of the state, any foreign government, any agency of the federal government or to any private entity."

MPIC staff stated to PEER that MPIC believes it has maximized its product lines and does not foresee any additions to this type of work program.

- *Private business ventures*--MPIC enters into agreements with private businesses that allow these businesses to use inmate labor and prison space to supplement the business's workforce. In some cases, when inmates manufacture goods that are shipped across state lines, these industries are considered a part of the Prison Industry Enhancement Certification Program.² In FY 2012, MPIC only had sales from one private venture, which involved inmates at Parchman manufacturing fish tanks for a private business operating out of state. Its sales for FY 2012 were \$93,600.

MPIC stated to PEER that pursuing private business ventures is how MPIC plans to expand its programs in the future. MPIC's CEO believes this is the best way to create jobs and maintain financial self-sufficiency. MPIC hired a business development coordinator (to begin employment on May 1, 2013) who will be

² Under the Prison Industry Enhancement Certification Program (PIECP), the U. S. Bureau of Justice Assistance within the U. S. Department of Justice certifies that local or state prison industry programs meet all the necessary requirements to be exempt from federal restrictions on prisoner-made goods in interstate commerce. Inmates are paid prevailing wages under this program; prevailing wages are no less than the amount paid for work of a similar nature in the locality in which the work is to be performed.

responsible for generating new private business opportunities.

MPIC has three pending joint ventures with private business in the areas of refurbishing tires, building flatbed tractor trailers, and refurbishing golf carts.

MPIC has experienced three closures within the past five years of industries that were private sector ventures. For example, a recycling program with a private business closed in 2011. Private sector ventures are the most volatile type of prison work program because the economy can have a major impact on future work with the private industry.

Exhibit 1, below, shows MPIC’s six manufacturing and service industry shops at the three state prisons. Central Mississippi’s recycling operation began in FY 2013. Other shops have been in existence for much longer; three shops were created in 1991.

In addition to MPIC’s work programs, MDOC operates its own inmate work programs. For example, South Mississippi Correctional Institution listed the following work positions available to its inmates (all non-paying positions): dining hall workers, tutors for literacy, chaplain workers, unit maintenance, gym workers, administrative workers, central kitchen, and infirmary workers, among others.

Exhibit 1: MPIC’s 2013 Industry Shop Locations, Types, and Dates of Establishment

Shop Location	Type of Shop	Date of Establishment
Mississippi State Penitentiary, Parchman	Apparel and textile manufacturing	1991
	Metal, wood, cement, and fiberglass fabrication	1991
Central Mississippi Correctional Facility, Pearl	Printing	1991
	Furniture and service operation	1997
	Recycling (solely a private business venture)	2012
South Mississippi Correctional Institution, Leakesville	Apparel manufacturing	1996

SOURCE: MPIC.

Snapshot of MPIC Operations

In FY 2012, MPIC provided work opportunities for 338 inmates. Sales for that fiscal year totaled approximately \$6.5 million and were primarily made to government entities. Net profits were \$30,873; overhead expenditures totaled approximately \$1.6 million; and MPIC's assets were valued at approximately \$10.2 million.

This chapter includes the following:

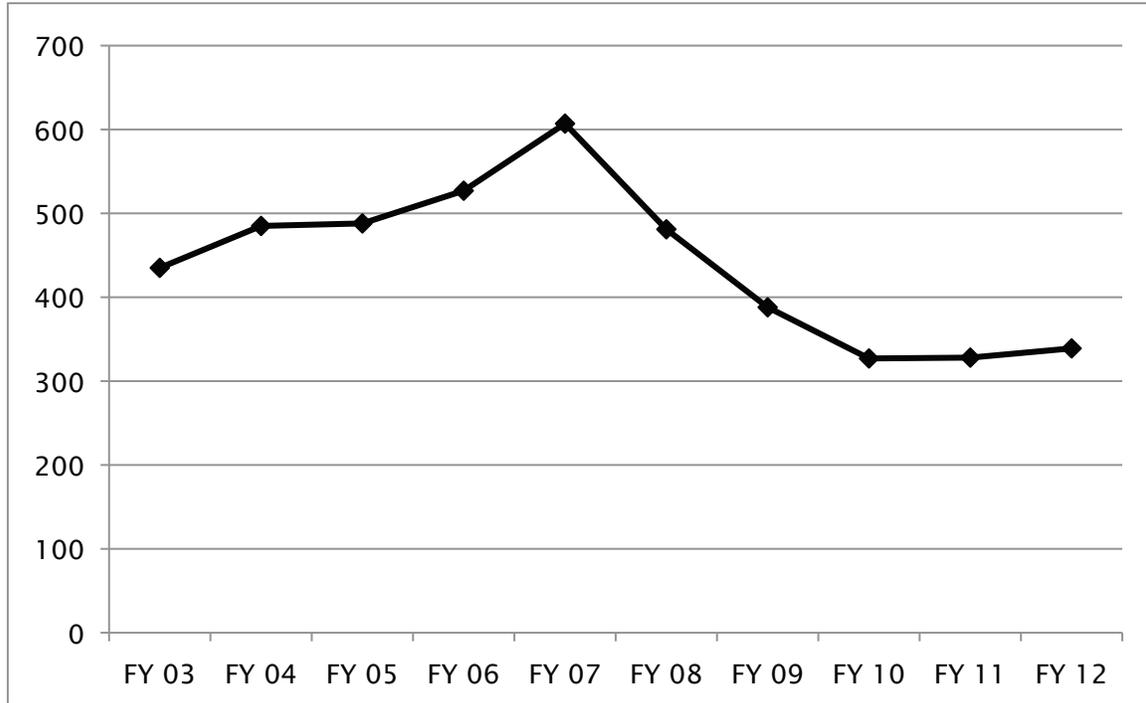
- inmate participation rates;
- sales and net profits;
- customer base;
- overhead expenditures; and,
- assets.

Inmate Participation Rates

From fiscal years 2003 through 2012, inmate participation varied from 327 to 607. MPIC attributes decreases in participation in fiscal years 2009 through 2012 to the downturn in the economy. Of the 338 inmates participating in MPIC programs in FY 2012, 212 (or 63 percent) were involved in apparel/textile manufacturing at the Mississippi State Penitentiary and South Mississippi Correctional Institution.

From fiscal years 2003 through 2012, inmate participation in MPIC varied. (See Exhibit 2, page 13.) The lowest participation rates have occurred since FY 2009. MPIC attributes this to the downturn in the economy, primarily because there were fewer opportunities for working with private sector ventures. The highest participation rate was in FY 2007, primarily due to a private labor arrangement that provided for 130 work opportunities in that fiscal year.

In FY 2012, 338 inmates were participating in MPIC. Of the 338, 197 (58 percent) were located at the Mississippi State Penitentiary, 85 (25 percent) were located at South Mississippi Correctional Institution, and 48 (14 percent) were located at Central Mississippi Correctional Facility. The remaining eight inmates were located at the MPIC administrative building in Jackson. Their responsibilities included janitorial services, printing, entering data into spreadsheets, and miscellaneous tasks (e. g., answering phones, unloading trucks).

Exhibit 2: MPIC's Inmate Participation Rates, FY 2003-FY 2012

SOURCE: PEER analysis of participation data from MPIC.

Of the 338 inmates participating in MPIC programs, 212 (63%) were involved in apparel/textile manufacturing. These manufacturing shops are responsible for producing inmate uniforms, other articles of clothing used in correctional settings (e. g., security officer uniforms), and bedding and linens. (See Exhibit 3, page 14.)

Exhibit 3: MPIC's Participation by Industry Shop, FY 2012

MPIC Industry Shops	Number of Participating Inmates in FY 2012
<i>Parchman</i>	
Apparel and textile manufacturing	127
Metal, wood, cement, and fiberglass fabrication	70
<i>Central Mississippi</i>	
Printing	33
Furniture and service operation	15
<i>South Mississippi</i>	
Apparel manufacturing	85
<i>Other</i>	
Administrative building	8
TOTAL	338

SOURCE: MPIC's FY 2012 Annual Report.

Sales and Net Profits

In FY 2012, MPIC had sales of over \$6.5 million and net profits of \$30,873. Sales from items manufactured at MPIC's two apparel and textile manufacturing shops accounted for forty-six percent of total sales. Overall, MPIC was profitable; however, three of MPIC's five traditional industries had net losses.

In FY 2012, MPIC reported sales of \$6,503,320. (See Exhibit 4, page 15, for a breakdown of sales and net profit by industry shop.) Sales from items manufactured at MPIC's two apparel and textile manufacturing shops, located in Parchman and South Mississippi Correctional Institution, totaled \$2,997,489 (46% of total sales).

The apparel and textile manufacturing industries showed profits, while the other shops had a net loss for those industries. The two profitable shops were able to offset the losses from the other shops, which resulted in an overall profit of \$30,873.

Exhibit 4: MPIC's Sales, Shop Expenses, Allocated Overhead and Net Profit by Industry Shop, FY 2012

MPIC Industry Shops	FY 2012 Sales	Shop Expenses*	Allocated Overhead**	FY 2012 Net Profit
<i>Mississippi State Penitentiary</i>				
Apparel and textile manufacturing	\$1,981,403	\$1,340,341	\$ 500,123	\$140,939
Metal, wood, cement and fiberglass fabrication	1,290,211	967,213	325,660	(2,662)
<i>Central Mississippi Correctional Facility</i>				
Printing	604,773	511,140	152,650	(59,017)
Furniture and service operation	*** 886,015	842,845	223,638	(180,468)
<i>South Mississippi Correctional Institution</i>				
Apparel manufacturing	1,016,086	606,383	256,469	153,234
<i>Other</i>				
Administrative building****	724,832	560,999	182,954	(19,121)
TOTAL	\$6,503,320	\$4,828,921	\$1,641,494	\$32,905
Other revenues and expenses*****				(2,032)
NET PROFIT				\$30,873

*Shop expenses include materials, inmate labor, salaries/benefits/travel of MPIC staff working in the shop, contractual services, commodities, and depreciation.

**Allocated overhead includes MPIC operation expenses not attributable to a specific industry (e.g., salaries of central office staff). Allocated overhead is distributed across shops based on sales (i.e., if a shop has twenty-five percent of total sales, that shop is allocated twenty-five percent of total overhead).

***See discussion on page 33 regarding the reported sales for the furniture and service operation at Central Mississippi Correctional Facility.

****Administrative building sales include sales made at the downtown Jackson warehouse.

*****Other revenue and expenses include revenue from interest income, as well as expenses for MPIC's transition center.

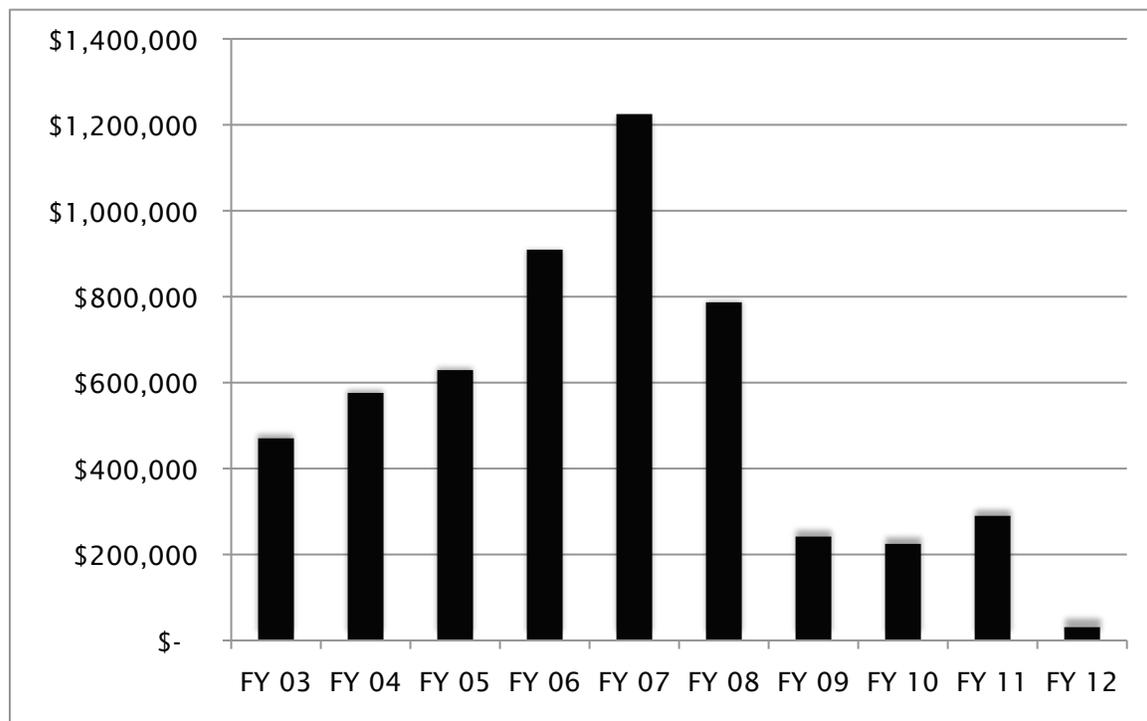
SOURCE: MPIC's FY 2012 audited financial statements.

For fiscal years 2003 through 2012, MPIC remained self-sufficient, although MPIC's net profits varied during those years. A profitable private sector venture in fiscal years 2006 through 2008 resulted in increased profits for those years.

As shown in Exhibit 5, page 16, MPIC generated net profits each year from FY 2003 to FY 2012. Therefore, MPIC did not request state appropriations, which would have been possible under authority of MISS. CODE ANN. Section 47-5-561 (1972).

MPIC's net profits increased in fiscal years 2006 through 2008 due to a private business venture in which inmates assembled and disassembled equipment components. However, this business moved its operations to Mexico and as a result, MPIC's profits decreased beginning in FY 2009.

Exhibit 5: MPIC's Net Profits from FY 2003 through FY 2012



SOURCE: PEER analysis of MPIC's audited financial statements from FY 2003 through FY 2012.

Customer Base

Approximately ninety-three percent of MPIC's sales in FY 2012 were made to government entities (either state, county, or local entities). The majority of sales (fifty-three percent) were to the Department of Corrections.

Government agencies in Mississippi are not required to buy products from MPIC. However, according to an unaudited MPIC report, approximately ninety-three percent of sales were attributable to government entities (state, county, city). The majority of MPIC's sales for FY 2012 (53%) were attributable to MPIC's primary customer, the Department of Corrections. The department purchases various items from MPIC, including garments and bedding. Examples of purchases from other agencies include office

furniture, printing services, and recreational products (e.g., benches, picnic tables).

Overhead Expenditures

MPIC's overhead expenditures for FY 2012 were \$1,641,494. This included \$818,984 in salaries for employees and \$8,498 in inmate wages. Other expenses included insurance, depreciation expenses, and employee incentives.

MPIC incurs overhead expenses for operating prison industries. Total overhead expenses for FY 2012 equaled \$1,641,494. Employee salaries and fringe benefits accounted for \$818,984 (fifty percent of total expenses).

As noted previously, inmates earn between \$0.20 and \$1.30 for traditional work and prevailing wages for work under the federal Prison Industries Enhancement Certification Program. For FY 2012, MPIC paid inmate wages in the amount of \$8,498 (less than one percent of total expenses).

See Appendix C, page 43, for a list of MPIC's overhead expenses for FY 2012. Expenses included insurance, depreciation expenses, and employee incentives.

Assets

MPIC had total assets valued at \$10,225,994 at the end of FY 2012. Of that amount, \$4 million has been in a Certificate of Deposit since 2010.

Exhibit 6, page 18, shows MPIC's assets for FY 2012, totaling \$10,225,994.

In 2007, MPIC had almost \$2 million in a U. S. Treasury bill, increasing to \$3.2 million in 2008. In 2009, MPIC moved \$2.8 million into a certificate of deposit and left \$750,000 in the U. S. Treasury bill. Since 2010, MPIC has had \$4 million in the certificate of deposit. (See discussion on page 31 regarding MPIC's assets.)

Exhibit 6: MPIC's Assets, FY 2012

<i>Current Assets</i>	
Cash	\$ 756,627
Certificate of deposit	4,000,000
Accounts receivable	564,368
Inventories	1,002,716
Prepaid expenses*	29,623
Deposits	14,488
Subtotal	\$ 6,367,822
<i>Property and Equipment</i>	
Land	\$ 404,193
Buildings and improvements	4,673,536
Machinery and equipment	2,810,407
Software	57,775
Subtotal	\$ 7,945,911
Less depreciation	(4,087,739)
Subtotal	\$ 3,858,172
Total Assets	\$10,225,994

*According to MPIC staff, the corporation puts funds to cover all insurance costs (property, liability, auto, etc.) into this account. Then each month, the staff makes a journal entry to expense out 1/12 of the prepaid amount.

SOURCE: MPIC'S audited financial statements for FY 2012.

How well is MPIC accomplishing its statutory mission and goals?

Certain provisions of the Mississippi Prison Industries Act of 1990 (i. e., rehabilitation of inmates and competition with the private sector) create tension with each other; thus, a disciplined approach is needed to ensure that MPIC's mission is achieved and that the benefits of increased job skills, training, and rehabilitation are derived from MPIC's programs. MPIC has not sufficiently collected and monitored the data needed to ensure both the benefits of its programs and that it is achieving its mission. Further, MPIC has not provided inmates with the best opportunities to increase their work skills and employability. MDOC should play an important role in the overall effectiveness of correctional work programs; however, MDOC has not provided a comprehensive plan for correctional work programs or reported data on post-release job placement and recidivism for MPIC participants, both of which are necessary to measure the programs' outcomes and effectiveness.

The Challenge of Balancing MPIC's Statutory Mission and Goals with Its Programs

Although its enabling legislation requires that MPIC provide inmate training and rehabilitation, the law also requires that prison industries should “not unreasonably compete with private enterprise.” MPIC must strike a balance between achieving its mission and not unreasonably competing with the private sector by knowing (through collecting and analyzing relevant data) to what extent its programs are producing benefits.

While the Mississippi Prison Industries Act of 1990 represents the public interest by focusing on inmate training and rehabilitation, the law also represents the public interest by including a requirement that prison industries should not unreasonably compete with private enterprise. (See page 5 of this report for MPIC's statutory mission and goals.) These two provisions create tension, however, because MPIC cannot fully achieve one provision without affecting the other provision. Thus, a disciplined approach is needed to ensure that the benefits of job skills and training are derived from MPIC's programs. By knowing to what extent MPIC's programs are producing benefits, MPIC would best be able to strike a balance between achieving its mission and not unreasonably competing with the private sector.

In order for MPIC to know to what extent MPIC's programs are producing benefits, MPIC must monitor the appropriate data. As discussed in the following sections of this report, MPIC has not sufficiently monitored the data needed to ensure the benefits of its programs and to ensure that it is achieving its mission. Specifically, MPIC lacks the necessary data in the following areas:

- post-release employment and recidivism;
- inmate idleness; and,
- cost avoidance.

MDOC and MPIC share in the responsibility for reducing inmate idleness through various education, treatment, and work programs. MDOC should play an important role in correctional work programs; however, MDOC has not provided a comprehensive plan for correctional work programs, as is statutorily required. Also, MPIC has not provided inmates with the best opportunities to increase their work skills and employability, as evidenced by:

- a lack of coordination with MDOC’s vocational education programs;
- a lack of alignment with growing Mississippi industries; and,
- a lack of classroom training or auxiliary programs through community colleges.

This chapter also includes a discussion of MPIC’s use of generated profits and assets, the resale and reporting of finished goods, and timeframes for upcoming capital expenditures.

Post-Release Employment and Recidivism

MPIC programs closely duplicate the operating activities of a free enterprise. Whether this duplication produces the desired rehabilitative results is unknown because neither MDOC nor MPIC has tracked and reported post-release employment or recidivism data for MPIC program participants. Such data is necessary for MPIC to measure its success in achieving its goal of improving inmate rehabilitation.

According to MISS. CODE ANN. Section 47-5-533 (1972), MPIC is responsible for serving the rehabilitative goals of the state by duplicating as nearly as possible a “free-enterprise type of profit-making enterprise.” The assumption is that inmates who work in an MPIC program that is operating similar to private industry will be more easily able to adjust to working in private industry upon release from prison.

Examples of how MPIC activities mirror the operating activities of a free enterprise include:

- requiring inmates to clock in and out at work;
- paying inmates, including additional pay for length of employment and bonuses for such things as quality and production;

- requiring shops to operate by Occupational Safety and Health Administration standards;
- having a quality assurance program in place;
- providing a work environment that resembles that of the private sector;
- working toward increased productivity and efficiency; and,
- generating profits.

To what extent mirroring the private sector translates to inmate rehabilitation is not clear. Thus, it is important for MDOC and MPIC to ensure that this link exists. The linkage can be established through the collection and analysis of data related to correctional work programs.

No Annual Reporting of Post-Release Job Placement or Recidivism Rates

MDOC does not include data in its annual report on post-release job placement and the rate of recidivism for inmates who have participated in MPIC programs.

According to MISS. CODE ANN. Section 47-5-559 (1972), MDOC is responsible for including in its annual report “a report on post-release job placement and the rate of subsequent contact with the correctional system for those inmates who have participated in the correctional work programs operated by the corporation and by the department.” PEER reviewed MDOC’s 2012 annual report and found no such data reported.

In order to comply with this statutory requirement, MDOC must first satisfy its other obligations to establish a master plan for correctional work programs for inmates’ training, employment by correctional work programs, and post-release job placement. Without this plan in place, MDOC cannot begin to measure the overall success of its correctional work programs. (See page 26 for a discussion of the master plan.)

The effectiveness of MPIC and other correctional work programs should be reflected in the rehabilitation and post-release employment of inmates, which should in turn affect recidivism rates. Without this data, the long-term effects, outcomes, or deficiencies of MPIC’s programs and other correctional work programs cannot be determined.

No Post-Release Performance Measures

MPIC has not established performance measures to track participants' post-release success (i. e., employment, recidivism).

Ultimately, it is the responsibility of MPIC to measure its own performance in achieving its rehabilitative goals. Good performance measures are always tied to an agency's goals and mission; such measures serve as indicators as to whether the agency is on track in achieving its goals. MPIC has not established performance measures to track participants' post-release success (i. e., employment, recidivism) and evaluate its own performance. Because this data has not been collected, there is no sound basis to show that MPIC's programs have any measurable impact on inmate employment after release and a corresponding reduction in recidivism.

When asked for documentation of effects on post-release outcomes, MPIC provided PEER with a 2000 research study conducted by Eastern Kentucky University regarding Kentucky's Correctional Industries programs. In this study, the researchers found a low recidivism rate for participants in correctional industries programs. However, the researchers were unable to determine whether participation in the programs was responsible for the low recidivism or whether those inmates who are less prone to recidivism for another reason (e. g., higher education level) were employed by correctional industries in disproportionate numbers.

This study and others demonstrate the difficulty of measuring post-release outcomes, particularly when there are multiple entities and factors responsible for affecting the outcome. However, more research with solid research designs needs to be conducted.

At minimum, MPIC should collect recidivism data for its program participants. MDOC authorized and released a report showing three-year recidivism statistics for participants in its vocational and education programs from FY 2009 through FY 2011. These programs are separate from MPIC's programs. The statistics show recidivism rates of nine percent for participants of academic programs and seven percent for participants of vocational education programs. This type of study is necessary for program improvement and to show a measurable result of the program.

Inmate Idleness

MDOC and MPIC share responsibility for reducing inmate idleness through various education, treatment, and work programs. For FY 2012, approximately three percent of inmates in the three state prisons (and one and a half percent of inmates in correctional facilities across the state) were involved in MPIC's work programs. Neither MDOC nor MPIC maintains a waiting list for inmates who wish to participate in MPIC programs; therefore, it is unknown to what extent MPIC is able to serve the number of inmates who want to participate in its programs.

MDOC and MPIC share responsibility for decreasing inmate idleness through education, treatment, and work programs. For FY 2012, approximately three percent of inmates in the three state prisons were involved in MPIC's work programs.

Exhibit 7, page 24, shows that the largest number of inmates within MPIC (197) participate in the apparel/textile manufacturing and metal fabrication programs at the Mississippi State Penitentiary. According to MISS. CODE ANN. Section 47-5-535 (1972), MPIC:

. . .shall locate and operate prison industries at any state correctional facility with the approval of the Commissioner of Corrections. It is the intent of the Legislature that the nonprofit corporation locate and operate such industries in an orderly and expeditious manner. Such corporation may locate and operate prison industries at other prison satellites, at community work centers in the state, at any private correctional facility which houses state inmates and at any regional correctional facility as authorized under Section 47-5-931.

Taking into account all correctional facilities, approximately one and a half percent of inmates were involved in MPIC's work programs in FY 2012.

Inmates cannot be forced to participate in a work program. To obtain a position with MPIC, inmates first express interest to their case managers, who then are responsible for communicating with MPIC. MPIC communicated to PEER that there is no waiting list for MPIC programs. Rather, the MPIC staff works with MDOC case managers as needed when there are work opportunities available.

Because there is no waiting list, PEER is unable to determine how many inmates are interested in working for MPIC and to what extent MPIC is able to meet the interest level for positions.

Exhibit 7: Total Inmate Population and Monthly Average Number and Percentage of MPIC Inmate Workers by Institution, FY 2012

Institution	Total Inmate Population* (as of June 2012)	Monthly Average Number of Inmates Involved in MPIC Work Program In FY 2012	Percentage of Total Inmate Population
Mississippi State Penitentiary	3,287	197	6%
South Mississippi Correctional Institution	3,182	85	3%
Central Mississippi Correctional Facility	3,195	48	2%
Subtotal	9,664	330	3%
Other facilities (including county/regional facilities, county jails, private prisons, and community work centers)	12,299	8	<1%
Total	21,963	338	1.5%

*Includes 48 inmates sentenced to death who are not eligible to work and 1,928 inmates with life sentences who are eligible to work.

SOURCE: PEER analysis of 2012 MDOC Annual Report and MPIC Annual Report.

Cost Avoidance

One of MPIC’s statutory goals is to reduce the cost of state government; however, MPIC has not tracked its reduction of the state’s costs by operating industries with inmate labor. Thus, MPIC cannot illustrate how effective it is at saving the state money.

According to CODE Section 47-5-533 (a), one of MPIC’s goals is to “reduce the cost of state government by operating prison industries primarily with inmate labor, which industries do not seek to unreasonably compete with private enterprise.”

While most of MPIC’s products are sold to government entities, MPIC has not tracked or reported the cost

avoidance to the state of providing its goods and services at a lower cost than the market. MPIC's new product development information does contain "market pricing" versus MPIC pricing (e. g., \$95-\$99 market pricing for an innerspring mattress compared with \$85 MPIC pricing). However, MPIC has not tracked cost avoidance and is therefore unable to measure the true financial impact and cost avoidance from sales to state entities. The easiest and best measure of cost avoidance would be to calculate the difference in how much state government spent on MPIC goods during a given period and how much state government would have spent on these goods during the same period if purchased from the private sector.

Without developing a cumulative figure, MPIC cannot illustrate how effective it is at saving the state money, which is one of its primary goals. Also, MPIC has missed an opportunity to show the value of its programs and develop a positive image for itself.

MPIC claims that it has saved the state money by building a \$1 million transition center, which provides job placement services for its residents who are inmates or ex-inmates. However, PEER questions whether the transition center is part of MPIC's mission. (See discussion on page 31.)

MPIC also stated that it has purchased buildings, property, and equipment with earned revenues. These will revert to MDOC if MPIC were to be dissolved. PEER considers these things to be assets rather than cost avoidance.

Also, for Prison Industry Enhancement Certification Programs (PIECP), federal programs related to prison-made goods, the state is allowed to withhold up to 80% of inmate wages for redistribution to others. MDOC receives 24% of inmate wages under PIECP programs. (MPIC receives 24% and 9% goes toward crime victim compensation). The remaining 43% goes to the inmate. For FY 2012, between \$10,000 and \$15,000 from redistributed wages was transferred to MDOC. According to PIECP regulations, these wages are to be used for specified purposes including taxes, reasonable charges for inmates' room and board, family support, and victims' compensation.

Inmate Work Skills and Employability

Due in part to a lack of direction by MDOC, MPIC has limited coordination with MDOC's vocational education programs and has not aligned its industries with industries that are growing in Mississippi. Further, MPIC has not offered inmates classroom training or auxiliary programs through community colleges, as authorized by state law. As a result, inmates have missed the opportunity to increase their skills and their employability, which would likely provide for more successful re-entry into the community upon release.

According to MISS. CODE ANN. Section 47-5-533 (1972), MPIC's mission is to "provide inmates with useful activities that can lead to meaningful employment after release in order to assist in reducing the return of inmates to the system." However, PEER found that MPIC has not provided inmates the best opportunities to increase their skills and employability, as evidenced by:

- the lack of a master plan for correctional work programs by MDOC;
- a lack of coordination with MDOC's vocational education programs;
- a lack of alignment with growing Mississippi industries; and,
- a lack of classroom training or auxiliary programs through community colleges.

No Master Plan for Correctional Work Programs

The Department of Corrections has not provided a master plan for correctional work programs that describes a logical sequence of training, employment, and post-release job placement for inmates. As a result, there is not a clear understanding of MPIC's role in the rehabilitation of inmates in relation to MDOC's other work programs, nor is there a substantial coordinated effort between MDOC and MPIC to train and rehabilitate inmates.

To help ensure MPIC's success, MDOC is responsible for establishing a master plan for correctional work programs, which is "a logical sequence of vocational training, employment by correctional work programs, and post-release job placement for inmates participating in correctional work programs" (MISS. CODE ANN. Section 47-5-573 [1972]).

MDOC does not have a master plan for correctional work programs. Such a plan would provide MPIC and other stakeholders with a clear understanding of how these programs should be sequenced and how they work together to rehabilitate inmates. As a result of not having the master plan, only limited coordination exists between

MDOC and MPIC to train and rehabilitate inmates. (That coordination occurs as a result of the MDOC Commissioner serving as an ex-officio member of the MPIC Board.)

When PEER requested a copy of the master plan, MDOC instead provided a copy of an annual report for its Division of Treatment and Programs, which provides various information related to five programs: the Administrative Remedy Program, Education Program (including academic and vocational classes), Inmate Legal Assistance Program, and Pre-release/Alcohol and Drug Programs. Data related to vocational programs included the number enrolled by facility and the cost per participant. MPIC's programs are not mentioned in this report. Thus, it is unclear as to how MPIC fits into the concept of rehabilitation in relation to other correctional work programs. Based on information provided in this report, there is no coordinated effort between MDOC and MPIC to train and rehabilitate inmates.

Lack of Coordination with MDOC's Vocational Programs

MPIC has a lack of coordination with MDOC's vocational programs. Only four of MDOC's nineteen vocational programs at the three state institutions have a related MPIC industry.

MDOC has not provided a master plan for correctional work programs that would help to define the relationship between MPIC programs and other correctional programs. Also, MPIC has not taken the initiative to foster a relationship with MDOC's vocational programs.

Out of nineteen separate vocational program areas, MPIC offers related positions for only four. (See Exhibit 8, page 28.) Further, MPIC notes that it is rare for an inmate to transition from one of those four vocational programs to a position at MPIC.

PEER did not assess the extent to which vocational programs are aligned to real-world needs. However, it is important that vocational programs address the needs of the free market.

A continuum of vocational training and on-the-job training, leading to a position at MPIC, would replicate good free-world employment practices. Increasing inmate employability is critical to the successful re-entry of inmates into society. Logically, the best way to do this would be to partner with the vocational education programs and community college programs, offer certificate programs, and ultimately develop employability skills.

Exhibit 8: Vocational Programs and MPIC Supporting Industries

Vocational Program	Correctional Institutions			Related* MPIC Industry?
	CMCF	MSP	SMCI	
Business Technology	X			No
Industrial Sewing	X			Yes
Cosmetology	X			No
Family Dynamics	X			No
Upholstery	X			Yes
Computer Repair	X			No
Agribusiness		X		No
Auto Body		X	X	No
Auto Mechanics		X	X	No
Carpentry		X		Yes
Diesel Mechanics		X		No
Communications System Installer		X		No
Heating, Air Conditioning and Refrigeration		X		No
Industrial Electricity		X		No
Marine Maintenance		X		No
Welding		X	X	Yes (MSP); No (SMCI)
Culinary Arts		X		No
Electrical			X	No
Plumbing and Pipefitting			X	No

*A related MPIC industry is an industry that involves using the skill sets taught in a vocational program.

SOURCE: PEER analysis of MPIC programs and vocational programs at the three state prisons.

Further, training in a vocational program as a prerequisite to working for MPIC would provide MPIC better assurance that it has qualified inmate workers who are more capable of contributing to increased productivity.

Washington's Correctional Industries and Vocational Education programs are working together to develop new programs based on Standard Occupational Classification codes that link correctional industry jobs with instructional programs such as graphic arts and printing, technical design, welding, institutional sanitation, information technology, and upholstery.

As a result of the lack of coordination between MPIC and vocational programs, MPIC has not optimized its opportunity to increase inmate employability through heightened skill attainment. Such skills would likely provide for more successful re-entry into the community.

Lack of Alignment with Growing Mississippi Industries

MPIC's industries are not aligned with industries that are growing in Mississippi. For example, in FY 2012, sixty-three percent of MPIC's jobs were in apparel and textile manufacturing (i. e., sewing positions); however, the projected employment growth from 2008-2018 for sewing machine operators in Mississippi is -3.6 percent.

MPIC's job opportunities need to reflect the job market in Mississippi in order for inmates to have the best chance of transferring both hard and soft job skills upon release.

Hard skills refers to a person's skill set or ability to perform a certain task, while *soft skills* refers to a person's ability to interact well with others in the workplace (e. g., communication skills, conflict resolution).

Exhibit 9, page 30, shows jobs that are representative of the skills acquired in MPIC shops. For FY 2012, MPIC provided 212 jobs (63% of MPIC's total jobs) for inmates in apparel and textile manufacturing at Parchman and South Mississippi Correctional Institution. However, employment projections show that the demand for sewing machine operators in Mississippi is decreasing. The highest projected employment growth is in assemblers and fabricators, as well as in welding. However, MPIC does not have the personnel to certify welders, nor does MDOC. Therefore, people learning these skills are not as competitive in the job market after release as welders who have certification.

MPIC contends that soft skills are the most valuable skills and are transferrable to any job and that learning to handle interpersonal conflict is the most important thing for inmates. However, the lack of alignment of MPIC's industries with private sector hard skills potentially decreases the chances of inmates' employment after release because the inmates might have unmarketable skills. Unemployment and recidivism are clearly linked; therefore, attempts to increase employability after release should be a priority. This would include alignment of work and hard skills with those that are in demand in the private sector.

The benefit of the apparel and manufacturing operations includes the number of inmate workers in those shops (thereby reducing idleness) and the potential for saving the state money by manufacturing inmate and MDOC staff uniforms; however, MPIC does not track this cost avoidance. (See page 24.)

Exhibit 9: Mississippi Employment Projections for 2018 for Selected Occupations

Occupation	2008 Employment	2018 Projected Employment	Projected Employment Growth Number (%)	Total Projected Average Annual Job Openings
Printing Workers	1,940	1,950	10 (0.5%)	40
Welders, Cutters, Solderers, and Braziers	7,750	8,500	750 (9.7%)	315
Assemblers and Fabricators, All Other	750	840	90 (12%)	25
Sewing Machine Operators	6,350	6,120	-230 (-3.6%)	35
Woodworkers	6,660	7,120	460 (6.9%)	180

SOURCE: Mississippi Department of Employment Security's Occupational Employment Projections Report for 2008-2018.

No Classroom Training or Auxiliary Programs Offered

MPIC has not offered inmates classroom training or auxiliary programs with community colleges as authorized by state law. Thus, MPIC has not offered inmates the best opportunities to increase their work skills and employability.

According to MISS. CODE ANN. Section 47-5-547 (2972), MPIC is "empowered and authorized to establish in participation with the Mississippi Delta Community College, any training or auxiliary program for existing prison industries or for any industries which the corporation might create."

MPIC has resources available for its use to expand inmate training and increase its ability to achieve its legislative intent; however, MPIC has not coordinated with any community college to enhance its programs so that inmates' skills can be increased. As a result, inmates do not receive educational training that could affect their rehabilitation and post-release employment.

MPIC stated that it has attempted to seek certified welders at a community college near Parchman to enhance its welding/metal fabrication operations by certifying welders; however, MPIC was told that the college did not have the certified welders needed to provide welding certifications.

PEER contacted a community college that offers welding certifications to determine how much it would cost for equipment to certify welders in the prisons. A welding instructor and certified welding inspector at Jones County Junior College stated that the primary equipment needed is a bend tester, which costs \$400, with more advanced models costing up to \$4,000. The most important thing a prison needs is a certified welding inspector, which the prison could contract with or hire as a full-time employee. The inspector estimated that if the prison were to contract with an inspector in the area to perform welding tests, the cost would be approximately \$200-\$250 per test.

Use of Assets

In 2005, MPIC built a men's transition center, which provides pre- and post-job placement services to its residents for successful re-entry into the community. The transition center provides valuable re-entry services to certain inmates who are typically not a part of MPIC's work programs in the prisons. However, PEER questions whether this is the highest and best use of MPIC's assets, given its statutory goals to rehabilitate inmates through useful work activities (i. e., through its work programs in the prisons) and reduce the cost of state government by operating prison industries programs with inmate labor.

In 2005, MPIC built a transition center. This transition center consists of a pre-release program at Parchman only and a post-release program statewide. The transition center can house up to seventy-four residents, who could be:

- *Early Release Supervision (ERS) residents*--By law, these individuals are free to leave prison but they do not have a permanent address. Currently, the transition center houses thirty-two ERS residents. This was the model for the transition center when it first opened in 2004. At that time, the center was only able to provide for up to forty residents. Since then, the number of beds has increased to seventy-four.
- *Parolees*--The Parole Board can send an individual to the transition center; currently, the transition center houses thirteen parolees.
- *Residents ordered to pay restitution*--Currently, there are twelve individuals at the transition center who must pay restitution.
- *Residents under house arrest*--These individuals wear ankle bracelet monitors. The transition center planned to begin piloting the housing of this group as of March 1, 2013; however, this program had not materialized as of May 2013.

Currently, the transition center has two probation officers, two onsite counselors, one counselor at Parchman, and a part-time clerk.

MPIC's mission is to rehabilitate inmates by increasing their work skills and employability through the prison industries programs, which currently operate in the three state prisons. The transition center, while a good idea, is not part of MPIC's mission. Rather, a transition center's activities would be more in alignment with MDOC's mission or perhaps that of another non-profit organization.

Further, MPIC claims that the transition center reduces the cost of state government by housing these inmates at a lower cost than the cost would be at MDOC. MISS. CODE ANN. Section 47-5-533 (2) (a) (1972) clearly states that the mission of the program is "to reduce the cost of state government **by operating prison industries primarily with inmate labor. . .**" Thus, the cost reduction is intended to be the result of providing inmate-manufactured goods and services at a lower cost to state government (by using inmate labor, which should be less costly than non-inmate labor), not the result of operating a transition center for certain inmates at a lower cost.

MPIC does not have a written contract with MDOC to operate the transition center. As a result, there is an increased risk for confusion in the management of the center and with payments for operations.

MPIC paid for the building, furniture, and vehicles at the transition center. According to MPIC, it is responsible for maintenance of the building.

According to MPIC, from 2006 until January 1, 2013, the transition center operations were funded through a grant from the Mississippi Department of Employment Security. The grant covered:

- all salaries and benefits;
- training (including tools);
- fuel and travel; and,
- security.

Since January 1, 2013, MDOC has been funding the operations of the center. However, MPIC and MDOC have not entered into a contractual agreement that would clearly delineate each entity's responsibilities. Without a contract, there is the potential for confusion in the management of the center and for payments for operations.

Resale and Reporting of Items Not Manufactured by Inmates

MPIC does not report sales for finished goods separately from sales for items manufactured by inmates. Instead, MPIC attributes some of its sales of finished goods to its furniture/service shop, where the goods are handled and repackaged. This practice provides an inaccurate picture of the sales and net profits of the furniture/service shop.

As part of its operations, MPIC purchases finished goods for resale. MISS. CODE ANN. Section 47-5-559 (1972) anticipates the resale of finished goods, as it requires MPIC to include in its annual report a description of “finished goods purchased for resale.” In its FY 2012 annual report, MPIC describes its finished goods as including “some envelopes, textiles, furniture, footwear, hygiene products and regulatory signs.”

In FY 2012, MPIC’s sales included \$1.5 million in finished goods that were resold to state agencies or to the general public (i. e., not manufactured by inmates). Some of these goods are sold from the MPIC warehouse in Jackson and some are shipped to the Central Mississippi Correctional Facility, where inmates in the furniture shop unload the goods and repackage them for distribution to correctional facilities or other entities across the state. Examples of repackaged items include sheets and towels. This practice provides a centralized location for the processing of resale goods for distribution and MPIC believes that this work contributes to the mission of MPIC by increasing inmate skills.

MPIC has the authority and obligation to review its industries and MISS. CODE ANN. Section 47-5-541 (2) (1972) says that MPIC’s board of directors “shall have the authority to establish prison industries, to cease the operation of any industry which it deems unsuitable or unprofitable, to enter into any lease or contract for the corporation and it shall have the full authority to establish prices for any industry good.”

However, MPIC does not report its sales of finished goods separately from its sales of items manufactured by inmates. A primary example of this is found in MPIC’s sales for its furniture shop. MPIC’s audited financial reports show that MPIC’s sales for its furniture/service shop for FY 2012 totaled \$886,015. However, an unaudited report provided by MPIC shows that \$637,733 (72%) of those sales were for resale purchases of finished goods. Of 397 total orders for the furniture/service shop, 155 (39%) were for resale of finished goods.

Because the furniture shop has not been financially self-sufficient for the past four fiscal years, it is especially important to track and report to the board the breakdown of sales between manufactured goods and finished goods for resale. For FY 2012, financial statements showed a net

loss of \$180,468 for the furniture shop; however, the loss might be even greater if resale items were not included. This kind of reporting could give a false impression of the value of the furniture/service shop; it does not include the level of accuracy needed for management to assess the value of the furniture/service shop.

According to MPIC, MPIC does not separately report because all of the work handling and repackaging resale goods is performed at the furniture/service shop.

Time Frames for Capital Expenditures

As noted previously, MPIC has approximately \$4 million in cash assets. Of that amount, MPIC included approximately \$3.6 million in its capital expenditures forecast dated January 2013. However, the forecast provided no time frames for when MPIC plans to spend this money.

MISS. CODE ANN. Section 47-5-559 (1972) states that MPIC's annual report must include a description of the proposed use of profits from its programs. Written plans describing use of profits are important to help stakeholders understand how an entity plans to further its mission.

In its statutorily required annual report, MPIC stated that "profits generated by the Corporation are directly re-invested back into the Corporation for the expansion and construction of production facilities, the acquisition of tools, machinery, equipment, programs and business support equipment and systems." However, no details or timelines are stated in the report.

Profits are necessary for the long-term growth of MPIC. Therefore, it makes sense that MPIC reserve some of its monies for reasons such as upgrading equipment or maintaining a rainy day fund similar to a for-profit business. Although there are no specific guidelines for how much money should be kept, it is expected that much of the profits should be reinvested back into programs as quickly as possible to further MPIC's mission of rehabilitation.

MPIC provided PEER staff with a capital expenditures forecast dated January 2013. The forecasted expenses totaled \$3.6 million, including:

- equipment for support services and for industry shops, including vehicles: \$600,000;
- a new transition center for women located in Jackson: \$1.2 million;
- money earmarked for buildings and equipment to start new private sector ventures: \$1 million;

- enhancement and repairs to the corporate building in Jackson: \$50,000; and,
- contingency: \$750,000

However, the capital expenditures forecast provides no time frames to show when MPIC plans to spend this money. Also, MPIC's FY 2012-FY 2013 operating budget includes a capital expenditures forecast dated July 2011 of only \$275,000 in future expenses. Since MPIC has had \$4 million in a certificate of deposit since 2010, it is questionable as to why more money was not forecasted for reinvestment in FY 2012-FY 2013.

MPIC staff stated that the new \$1.2 million transition center building is anticipated to break ground next year. Also, MPIC staff stated that the private sector ventures are difficult to place timeframes on because it depends on when they are secured. When asked about a timeframe for the January 2013 forecasts, MPIC stated approximately one year.

Stakeholders might perceive that MPIC is unnecessarily building a cash balance instead of reinvesting into its activities and mission.

Recommendations

1. In order for MPIC to show its impact on post-release inmate outcomes (i. e., employment and recidivism), MPIC should partner with researchers at a community college or university. Research questions might include:
 - Do released inmates who have participated in an MPIC program have a lower recidivism rate than released inmates who have not participated in an MPIC program?
 - Do released inmates who have participated in an MPIC program have a higher rate of employment after release than released inmates who did not participate in an MPIC program?
 - Are released inmates employed using their skills after release?

At minimum, MPIC should maintain data and records to show recidivism rates for inmates who have participated in MPIC programs.

2. MPIC should track its cost avoidance or cost savings to government entities, particularly in regard to the amount of money saved by providing goods and services at a lower price than the market prices. This cumulative figure should be included in MPIC's annual report and could be used for promotional purposes to increase sales.
3. MDOC should maintain a waiting list of all inmates interested in MPIC programs. This list should be monitored by MPIC to help gauge how well it is serving the number of inmates who want to participate.
4. MPIC should seek to form a stronger relationship with MDOC's vocational programs for the purpose of coordinating efforts in rehabilitating inmates. To help ensure that released inmates have been taught skills valued by hiring industries, MDOC and MPIC should engage businesses and industries in designing vocational and employment-related reentry programs.
5. MPIC should more proactively seek opportunities to engage Mississippi Delta Community College and other community colleges in certifying inmates or providing further instruction for inmates.
6. MPIC should use employment projections from the Mississippi Department of Employment Security to

identify the industries, jobs, and skills that will be in demand in this state. MPIC should then respond to those demands by developing industries accordingly and, when feasible, in coordination with vocational programs.

7. MPIC should develop performance indicators that are measurable and directly related to its statutory goals. These indicators should be included in MPIC's annual report and could be used for promotional purposes to increase sales or help to develop a positive image.
8. MPIC should add timeframes to its capital expenditures forecasts.
9. MPIC should improve the accuracy of its reporting by separating manufactured items from resale items. Such reporting would improve the accuracy of the sales data and would provide management with a more accurate picture of where MPIC is losing money, for which items it should review pricing structure, or whether it should consider closing the furniture shop due to low sales and consistent net losses.
10. MDOC should create a master plan for correctional work programs that should describe a logical sequence of training, employment, and post-release job placement for inmates, as required by MISS. CODE ANN. Section 47-5-573.
11. MDOC should include in its annual report post-release employment data and recidivism data for inmates who participated in MPIC programs, as required by MISS. CODE ANN. Section 47-5-559.
12. If MPIC does not provide a clear resolution of the accountability issues identified in this report by June 30, 2016, the Legislature should consider instituting a sunset review to determine whether MPIC is serving a clear purpose or whether MPIC should be dissolved.

Appendix A: Major Provisions of the Mississippi Prison Industries Act of 1990

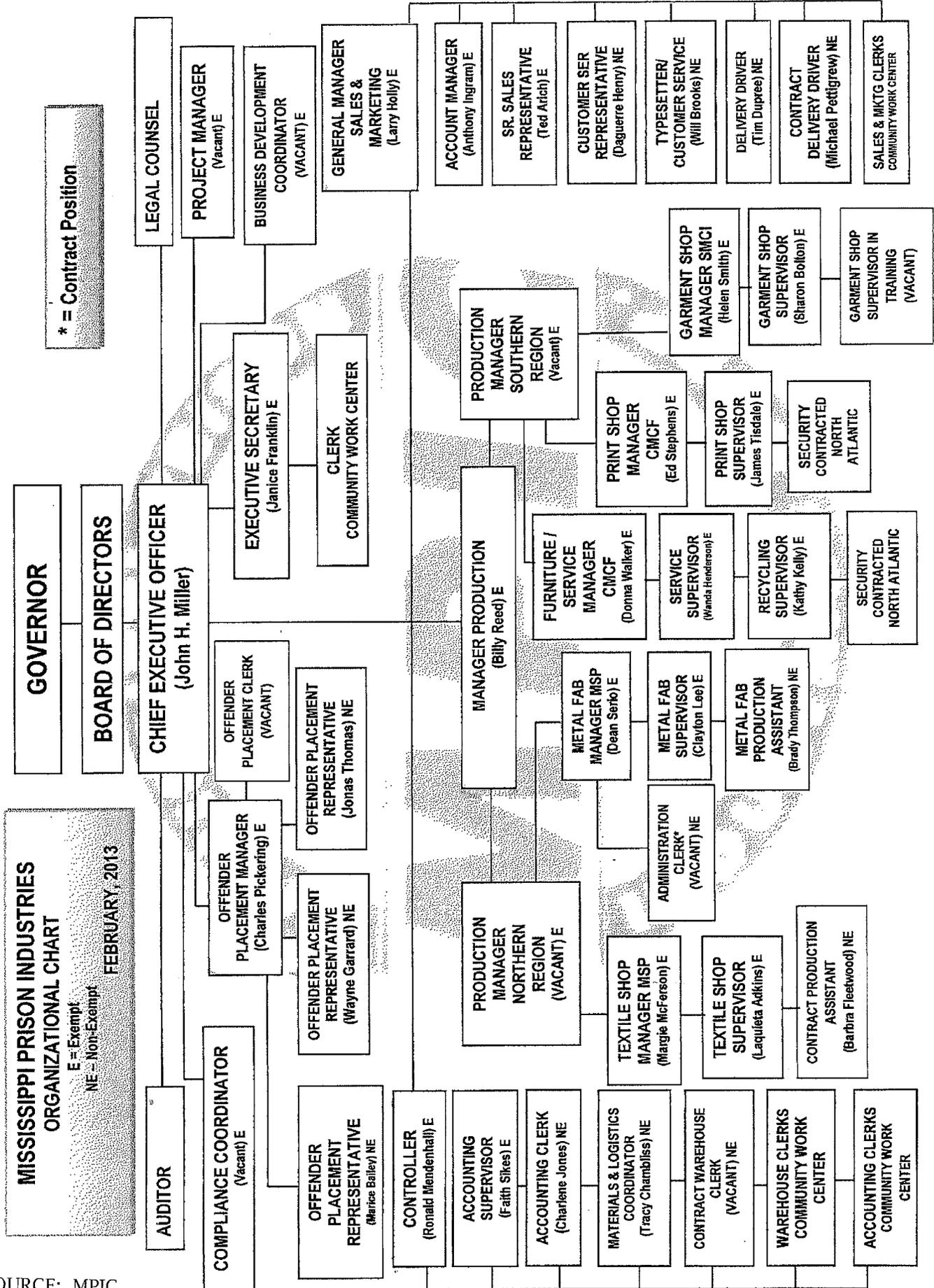
<p>MISS. CODE ANN. Section 47-5-533</p> <ul style="list-style-type: none">• Provide inmates with useful activities that can lead to meaningful employment after release in order to assist in reducing the return of inmates to the system.• Reduce the cost of state government by operating prison industries primarily with inmate labor, which industries do not seek to unreasonably compete with private enterprise.• Serve the rehabilitative goals of the state by duplicating as nearly as possible a free-enterprise type of profit-making enterprise.• Serve the security goals of the state by reducing the idleness of inmates and by providing an incentive for good behavior in prison.
<p>MISS. CODE ANN. Section 47-5-541</p> <ul style="list-style-type: none">• The corporation shall be governed by a board of directors (thirteen members).• The Board of Directors shall select and employ a chief executive officer of the corporation who shall serve at the pleasure of the board and do the following: employ all necessary employees of the corporation and dismiss them as necessary; administer the daily operations of the corporation; upon approval of the board of directors, execute any contracts on behalf of the corporation; and take any further actions which are necessary and proper toward the achievement of the corporation's purposes.• The Board of Directors has the authority to establish prison industries, to cease the operation of any industry which it deems unsuitable or unprofitable, to enter into any lease or contract for the corporation, and it shall have the full authority to establish prices for any industry good.• The board of directors shall make and publish policies, rules and regulations governing all business functions, including by not limited to accounting, marketing, purchasing and personnel.
<p>MISS. CODE ANN. Section 47-5-543</p> <ul style="list-style-type: none">• The State Department of Corrections shall lease to the corporation all existing prison industries including the buildings, land, furnishings, equipment and other chattel used in the operation of such industries.
<p>MISS. CODE ANN. Section 47-5-545</p> <ul style="list-style-type: none">• Commission and implement a marketing feasibility study for any proposed new prison industry.• Before any new industry is established, the corporation shall hold a hearing to determine the impact such industry may have on the private sector market.• The corporation may commence negotiations with MDOC, the Secretary of State, or his designee, serving as a mediator, regarding the leasing of land and other chattels for the purpose of establishing any new entity.
<p>MISS. CODE ANN. Section 47-5-547</p> <ul style="list-style-type: none">• The corporation is authorized to establish, in participation with the Mississippi Delta Community College, any training or auxiliary program for existing prison industries or for any industries which the corporation might create. MDCC shall provide assistance in business planning, marketing and analysis of existing or projected industries.

<p>MISS. CODE ANN. Section 47-5-549</p> <ul style="list-style-type: none"> • Any service or item manufactured, processed, grown or produced by the corporation from its prison industries may be furnished or sold to any legislative, executive or judicial branch of the state, any political subdivision or any governing authority of the state, any other state, any school, college or university of the state, any foreign government, any agency of the federal government or to any private entity. • The corporation shall make reasonable efforts to purchase raw materials from in-state vendors. • The prices for the industry-made products shall be established by the board of directors of the corporation or its designee.
<p>MISS. CODE ANN. Section 47-5-551</p> <ul style="list-style-type: none"> • All property relating to a prison industry program which ceases to function because of termination or dissolution, including all funds, buildings, land, furnishings, equipment and other chattels subsequently purchased or otherwise acquired by the corporation automatically reverts to full ownership by MDOC.
<p>MISS. CODE ANN. Section 47-5-553</p> <ul style="list-style-type: none"> • Before any prison industry commences operations, the CEO of the corporation must communicate with the Corrections Commissioner regarding the proper security for the facility. • The Corrections Commissioner is responsible for communicating needs for improvement in security at any facility to the corporation regarding what improvements are needed to be properly secured. • The corporation shall furnish its own security within the parameters of any prison industry work area.
<p>MISS. CODE ANN. Section 47-5-555</p> <ul style="list-style-type: none"> • MDOC shall provide to the corporation sufficient inmate labor for the prison industry programs.
<p>MISS. CODE ANN. Section 47-5-557</p> <ul style="list-style-type: none"> • Any inmate shall not be deemed an agent, employee or involuntary servant of the corporation.
<p>MISS. CODE ANN. Section 47-5-559</p> <ul style="list-style-type: none"> • The corporation shall submit to the Governor and the Legislature a report on the status of correctional work programs, along with an independent financial audit. • MDOC shall include, as a portion of its annual report, a report on post-release job placement and the rate of subsequent contact with the correctional system for the inmates who have participated in the correctional work programs.
<p>MISS. CODE ANN. Section 47-5-561</p> <ul style="list-style-type: none"> • The corporation shall have the power to request through MDOC an appropriation of general revenue funds for the purposes of operation of, addition to, or renovation of facilities or correctional work programs. • The corporation shall maintain excess prison industries funds in an interest-bearing account.
<p>MISS. CODE ANN. Section 47-5-563</p> <ul style="list-style-type: none"> • MDOC may adopt rules as necessary to govern the use of inmates by the corporation in the areas of security, inmate protections, and efficient operation of each institution. • The corporation, with input from MDOC, shall establish policies and procedures subject to the approval of the department's legal counsel relating to the use of inmates in the program. • All policies and procedures adopted by the corporation and MDOC shall be placed on file in the Secretary of State's office.

MISS. CODE ANN. Section 47-5-573

- MDOC shall have a master plan for correctional work programs, which is a logical sequence of vocational training, employment by correctional work programs, and post-release job placement for inmates participating in correctional work programs.
- MDOC shall establish guidelines for the development of correctional work programs.
- The needs of the corporation shall be considered by MDOC when assigning and transferring inmates to correctional institutions.

Appendix B: MPIC's Organizational Chart



SOURCE: MPIC.

Appendix C: MPIC's Overhead Expenditures for FY 2012

Expense	Amount
Staff Development	\$ 10,409.89
Equipment Rental	12,958.74
Freight and Shipping	3,030.09
Fuel, Oil, and Grease	62,922.44
Insurance	144,245.41
Accounting and Legal	74,256.69
Postage/Express Mail	1,118.56
Employee Incentives	93,323.35
Inmate Placement Services	(546.15)
Contract Personnel	54,856.83
Repairs and Maintenance	22,494.80
Supplies and Materials	21,751.32
Office Supplies	16,169.15
Safety	4,418.72
Telephone	21,799.84
Service Charges	49,553.80
Travel	20,460.73
MPIC Board Expense	26,830.12
Utilities	16,508.31
Donations	4,775.82
Product Development	65,687.00
Marketing Promotions	7,332.64
Typesetting/Reprint	1,886.09
Depreciation Expense	95,788.99
Salaries - Indirect	632,149.11
State Retirement	76,513.80
F.I.C.A. Taxes	46,019.98
Medical Insurance	64,249.35
Unemployment Taxes	51.82
Inmate Labor - Indirect	8,497.86
Allocated Overhead	(21.07)
Admin. Exp. Allocated	(1,659,494.03)
2012 Allocated overhead above	1,659,494.03
Allocated to inmate placement program	<u>(18,000.00)</u>
Total MPIC Overhead	\$1,641,494.03

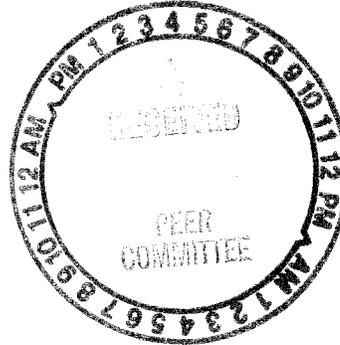
SOURCE: MPIC.

Agency Response



June 3, 2013

Mr. K. Arinder, Executive Director
PEER Committee
P. O. Box 1204
Jackson, MS 39215



Dear Mr. Arinder,

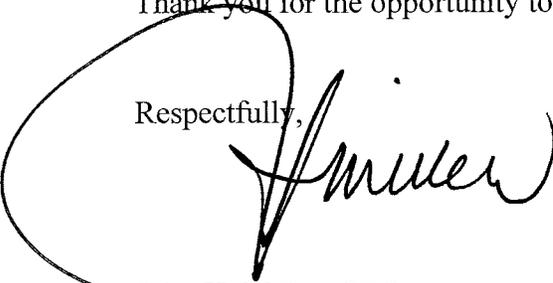
Please find attached Mississippi Prison Industries Corporation (MPIC) response to your letter dated May 16, 2013 and your revised report as of May 22, 2013 regarding a Performance Review of the Mississippi Prison Industries Corporation.

MPIC is performance based, self-sufficient, exhibiting responsible corporate stewardship as supported by satisfactory annual financial audits of the corporation conducted by the corporation's auditors Grantham Poole Certified Public Accountants and the Prison Industry Enhancement Certification Program assessments conducted by the National Correctional Industries Association on behalf of the U.S. Department of Justice, Bureau of Justice Assistance.

We are requesting that our response be included in your report to the Mississippi Legislative.

Thank you for the opportunity to respond to this report.

Respectfully,



John H. Miller, CEO

attachement

PEER Committee Performance Review
Mississippi Prison Industries Corporation
May 22, 2013

PEER Committee Recommendations

1. In order for MPIC to show its impact on post-release inmate outcomes (i.e., employment and recidivism), MPIC should partner with researchers at a community college or university. Research questions might include:
 - Do released inmates who have participated in an MPIC program have a lower recidivism rate than released who do not participate in an MPIC program.
 - Do released inmates have a higher rate of employment after release than released inmates who did not participate in an MPIC program?
 - Are released inmates employed using their skills after release?

At Minimum, MPIC should maintain data and records to show recidivism rates for inmates who have participated in MPIC programs.

Action: MPIC to contact Delta Community College, Mississippi State University (NSPARC) and others if needed to establish and discuss MPIC inmate workers and released MPIC inmate workers on post-release and recidivism rates outcomes.

Process owner(s): MPIC: Jeff Solari Business Development Coordinator, Billy Reed Production Manager and Charles Pickering Offender Placement Manager. MDOC: John Hopkins Director Treatment, Pat Owens Education Director and Audrey McAfee Director MIS.

Target completion date: March, 2014

2. MPIC should track its cost avoidance or cost savings to government entities, particularly in regards to the amount of money saved by providing goods and services at a lower price than the market prices. This cumulative figure should be included in MPIC's annual report and could be used for promotional purposes to increase sales.

Action: MPIC Accounting and Sales Department will design a process to track sales transactions data to capture MPIC pricing vs. market pricing thus illustrating cost savings to government entities and to be included in MPIC's financial reporting for FY2014.

Process Owner(s) Ronnie Mendenhall Controller, Larry Holly General Sales Manager and Jeff Solari Business Development Coordinator

Target completion date: December, 2013

PEER Committee Recommendations (cont.)

3. MDOC should provide a waiting list of all inmates interested in MPIC programs. This list should be monitored by MPIC to help gauge how well it is serving the number of inmates who want to participate.

Action: MDOC will provide MPIC a list of inmates interested to work in a MPIC work program. MPIC will closely monitor this activity with MDOC.

Process owner(s) MPIC: Jeff Solari Business Development Coordinator and Billy Reed Manager Production MDOC: DCI Archie Longley, Superintendents, Wardens, Deputy Wardens and Case Managers.

Target completion date: December, 2013

4. MPIC should seek to form a stronger relationship with MDOC's vocational programs for the purpose of coordinating efforts in rehabilitating inmates. To help ensure that released inmates have been taught skills valued by hiring industries, MDOC and MPIC should engage businesses and industries in designing vocational and employment-related reentry programs.

Action: MPIC to partner with MDOC vocational departments to access vocational skills to better support inmate employment opportunities upon release.

Process Owner(s) MPIC: Jeff Solari, Business Development Coordinator, Billy Reed Manager Production and Charles Pickering Offender Placement Manager
MDOC: Pat Owen Education Director, John Hopkins Director Treatment and the Directors of Vocational Schools.

Target completion date: December, 2013

5. MPIC should more proactively seek opportunities to engage Mississippi Delta Community College and other community colleges in certifying inmates or providing further instruction or training for inmates.

Action: MPIC has made multiple inquires with Delta Community College for potential training and certificate programs. MPIC Jeff Solari Business Development Coordinator has arranged a meeting for June 10, 2013 with Delta Community College to discuss potential programs and linkages. MPIC will contact additional Colleges for possible connections.

Process owner(s) Jeff Solari Business Development Coordinator, Billy Reed Manager Production and Charles Pickering Offender Placement Manager

Target completion date: March, 2014

PEER Committee Recommendations (cont.)

6. MPIC should use employment projections from the Mississippi Department of Employment Security to identify the industries, jobs and skills that will be in demand in this state. MPIC should then respond to those demanded by developing industries accordingly and, when feasible, in coordination with vocational programs.

Action: MPIC will utilize employment projections from Mississippi Department of Employment and Security regarding manufacturing skill needs and make a linkage with pertinent vocational programs and new potential business ventures.

Process owner(s) John Miller CEO, Larry Holly General Manager Sales and Marketing, Charles Pickering Offender Placement Manager, Jeff Solari Business Development Coordinator and Billy Reed Manager Production

Target completion date: December, 2013

7. MPIC should develop performance indicators that are measurable and directly related to its statutory goals. These indicators should be included in MPIC's annual report and could be used for promotional purposes to increase sales or help to develop a positive image.

Action: MPIC will utilize measurable performance indicators that directly support MPIC statutory goals such as: cost savings, recidivism, manufacturing performance standards and rehabilitation.

Process owner(s) Larry Holly General Sales Manager, Ronnie Mendenhall Controller, Bill Reed Production Manager, Jeff Solari Business Development Coordinator, John Miller CEO and MPIC Board of Directors

Target completion date: December, 2013

8. MPIC should add timeframes to its capital expenditures forecasts.

Action: MPIC will provide dates to its capital expenditure forecasts and operating plans.

Process owner(s) John Miller CEO, Ronnie Mendenhall Controller, Billy Reed Production Manager and MPIC Board of Directors.

Target completion date: July, 2013

PEER Committee Recommendations (cont.)

9. MPIC should improve the accuracy of its reporting by separating manufactured items from resale items. Such reporting would improve the accuracy of the sales data and would provide management with more accurate picture of where MPIC is losing money for which items it should review pricing structure, or whether it should consider closing the furniture shop due to low sales and consistent net losses.

Action: MPIC will report monthly sales data for manufactured and resale products separately. Management will utilize this data for business strategy and planning.

Process owner(s) Larry Holly General Sales Manager, Ronnie Mendenhall Controller and Bill Reed Production Manager

Target completion date: July, 2013

10. MDOC should create a master plan for correctional work programs that should describe a logical sequence of training, employment, and post-release job placement for inmates, as required by MISS. Code Ann. Section 47-5-573.

Action: MDOC will establish a master plan for correctional work programs to include the MPIC work program

Process owner(s) MPIC: John Miller CEO and Jeff Solari Business Development Coordinator. MDOC: Commissioner C. Epps, John Hopkins Director Treatment, Rick McCarty DCAF and Archie Longley DCI.

Target completion date: June, 2014

11. MDOC should include in its annual report post-release employment data and recidivism data for inmates who participated in MPIC programs, as required by MISS. Code Ann. Section 47-5-559.

Action: MPIC will interface with MDOC for reporting purposes of MPIC post-release data and recidivism data in the MDOC annual report.

Process owner(s) MPIC: Jeff Solari Business Development Coordinator, Charles Pickering Offender Placement Manager MDOC: Audrey McAfee Director MIS, Rick McCarty DCAF, John Hopkins Director Treatment and Pat Owen Director Education.

Target completion date: June, 2014

Progress Reports to PEER

MPIC will report quarterly to the PEER Committee Recommendations regarding progress updates starting in FY 2014 and will take proactive steps in resolving this matter.

GENERAL COMMENTS

How well is MPIC accomplishing its statutory mission and goals?

It is MPIC contention that the MPIC operation is adhering to the Legislature set mission in Section 47-5-533(2) Mississippi Code of 1972 as amended by:

- Reducing the cost of State government as evident by the inmate worker program value of MPIC.
- Duplicating as nearly as possible the operating activities of a free enterprise type of profit-making enterprise. MPIC is a performance based operation supported by satisfactory annual financial and controllership audits.
- Reducing the idleness of inmates and providing an incentive for good behavior MPIC inmate work programs reduces the idleness of inmates and MPIC provides incentives for good behavior.

Lack of Alignment with Growing Mississippi Industries

MPIC work programs may not in all instances be aligned with Mississippi industries, but MPIC inmate programs teach work ethics, process/manufacturing flow, safety, quality assurance, the principles and goals of lean manufacturing which are all fundamental in any industrial landscape giving MPIC inmate workers a work experience advantage when seeking employment upon release.

Use of Assets

MPIC has acted like any other free enterprise type of profit making enterprise during this period of low recovery growth from a recession. MPIC has managed the assets in a responsible manner safeguarding the operation of the business in an effective manner. MPIC operates the Transition Center which clearly reduces the cost of State government, serves the rehabilitative goals of the State, and reduces the idleness of inmates who would have remained in prison without the Transition Center. MPIC is clearly caring out its mission given to it by the Legislature.

The Legislature in MPIC opinion did not limit MPIC on where it was to reduce the cost of State government, where it was to serve the rehabilitative goals of the State, or where it was to serve the security goals of the state by reducing the idleness of inmates. MPIC provides useful activities that can lead to meaningful employment after release in order to

assist in reducing the return of inmates to the system. MPIC Transition Center gives inmates a place to live for six (6) months after release, and finds them a free-world job so they can get their feet on the ground after release. This clearly carries out the intent of the Legislature as set forth in Section 47-5-533(1) Mississippi Code of 1972, as amended.

The Legislature did not limit MPIC as where it could serve the State by providing inmates with useful activities that can lead to meaningful employment after release in order to assist in reducing the return of inmates to the system. The Transition Center clearly carries out the intent of the Legislature and mission given to MPIC by the Legislature.

The Legislature also provided that MPIC shall create any additional prison industry programs as it deems fit (Section 47-5-535(2)). MPIC has carried out the intent of the Legislature with the Transition Training Center.

The Transition Training Center provides a cost savings to State government and represents a proactive move by MPIC within State government.

MPIC is focused on providing realistic work experiences to sentenced adults offenders by providing employment skills to support economic self-sufficiency upon release, reduce recidivism and reduce the overall costs of government operations.

MPIC is committed to quality products, quality learning opportunities and quality management processes.

MPIC wishes to express our appreciation for the opportunity to respond to the PEER Committee Recommendations and MPIC will take effective action regarding the PEER Committee Report.

PEER Committee Staff

Max Arinder, Executive Director
James Barber, Deputy Director
Ted Booth, General Counsel

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