



Ohio Penal Industries

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**Darin Furderer,
Principal Author**

The views expressed are those of the author and should not be attributed to the members of the Correctional Institution Inspection Committee, or any member of the Ohio legislature.

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About CIIC

The Correctional Institution Inspection Committee (CIIC) is a legislative committee of the Ohio General Assembly that maintains a continuing program of inspection of each state correctional institution used for the custody, control, training, and rehabilitation of persons convicted of crime. Per Ohio Revised Code Section 103.73, CIIC has the authority to evaluate and assist in the development of programs to improve the condition or operation of correctional institutions.

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INTRODUCTION

Ohio Penal Industries (OPI) is an inmate work program and a division of the Ohio Department of Rehabilitation and Correction (DRC).¹ OPI manufactures goods and services for the DRC and other state agencies through the use of inmate labor under close staff supervision. OPI inmates produce/process a variety of products including inmate clothing, toilet paper, license plates, milk, meat, furniture, dentures, eyeglasses, cleaning compounds, plastic bags and others. Inmates that work in OPI also conduct service on vehicles, provide office support, and install modular furniture.

OPI has the potential to provide a tremendous benefit to the Ohio taxpayer. Not only can it provide products at competitive prices, a direct savings for the state, it also teaches inmates valuable work skills that will assist them upon release, assists institutional management, and provides significant community service. Each of these benefits would carry cost savings for state taxpayers.

Although OPI can generate revenue for the state and provide numerous opportunities for inmates to acquire knowledge and occupational traits, its potential is hindered due to various challenges, which include restraints placed on its bidding process, negative perceptions of its products and services, and a lack of a strong marketing strategy, among others.

Over the course of its study of OPI, CIIC staff came to three important conclusions: (1) OPI is immensely valuable and should be supported; (2) OPI has a number of limitations placed upon it that will need to be lifted for it to truly operate “at the speed of business”; and (3) OPI is a work in progress. New leadership took the helm of OPI in 2010 and has since worked diligently to fix the very same problems that this report highlights. While the problems cannot be hidden or overlooked in an evaluative report such as this one, it must be emphasized that there is a definite break between the OPI of the past and the forward-moving OPI that currently exists. The recommendations are mutually agreed-upon goals between CIIC and the DRC; CIIC will conduct a second evaluation of OPI in two years and expects to report on OPI’s continued success as it builds upon this past year.

The following sections provide CIIC’s key findings and recommendations, based on a national comparison of correctional industries, inspections of OPI shops at multiple facilities, interviews with DRC staff, and a literature review. The report then discusses in detail OPI’s history, current financials, the challenges facing OPI, and the comparison of correctional industries’ products and financial information.

KEY FINDINGS

1. OPI is a highly valuable component of the DRC that provides meaningful work skills to inmates, thereby assisting the reentry effort and reducing the costs of recidivism for the Ohio taxpayer.

- OPI provides significant benefits to the Ohio taxpayer, including the following: producing revenues that can reduce the overall cost of incarceration for taxpayers; recidivism reduction for OPI participants; improved institutional environments that decrease violence and resulting medical costs; and significant community service.
- The Washington State Institute for Public Policy estimated a total net benefit to state taxpayers of \$4,400 per participant, or a return of \$6.65 for every dollar spent on the correctional industry.

2. OPI has struggled to maintain a positive revenue stream in the past five years. However, the current DRC Chief of OPI made a committed effort to raise revenues in the past year, which was successful and is a positive indication for OPI's future.

- Ohio Penal Industries sales has had a five-year growth of -19.52 percent (ranked 41st among 46 states that reported numbers), but had a one-year growth of 0.53 percent (ranked 16th among 46 states that reported numbers).² Eight OPI shops closed from 2009 through February 27, 2010.³
- The current OPI Chief relayed that his primary task upon taking the office was to bring OPI operations into the black. OPI reported a loss of \$4.6 million in FY 2009 and a net gain of \$1.8 million in FY 2011. As OPI operations have traditionally vacillated, more time is needed to tell whether his work is having the desired effect; however, the result is tentatively positive.

3. OPI currently struggles to leverage its most important assets – inmate labor and current production space.

- Out of the 10 institutions with OPI operations visited since February 2011, 75 percent of the OPI managers interviewed felt that production could be increased.⁴
- As of June 2011 (fiscal year end) there were 50,665 inmates in DRC⁵, but only 1,404 (2.8 percent) inmates assigned to OPI.⁶ Out of 49 states, Ohio ranked 15th of the total number of inmates that work in correctional industries.

4. Throughout the DRC, there continues to be a negative perception of OPI, which is attributable to high costs, poor quality, and slow delivery time.

- As one example, DRC staff at multiple facilities have blamed lack of cleanliness in the showers on the low strength of the chemicals that they can use – all of which are provided by OPI.
- Multiple staff have also independently relayed frustration regarding the higher costs of OPI products compared to private companies, such as Walmart or Staples.

5. OPI does not currently provide apprenticeship opportunities for the vast majority of inmates who are engaged in the OPI work. Apprenticeships provide a formalized program of study and a certificate upon completion that will assist the inmate in obtaining employment upon release.

- The OPI apprenticeship program only has six (0.4 percent) inmates enrolled out of the total 1,404 OPI inmate employees across the state.⁷

6. OPI currently faces serious challenges, statutorily and otherwise, that it will need to overcome to achieve lasting profitability.

- OPI is hamstrung by the requirement that its contracts and bids must be handled by the Ohio Department of Administrative Services, which layers bureaucracy and reduces efficiency in the bidding process.
- Although state agencies are statutorily required to buy first from OPI, the state use law is not enforced and rarely followed by state agencies, including the DRC until recently.
- OPI currently lacks a strong marketing plan, including a user-friendly website for 21st century business, which is necessary to overcome the negative perception of OPI products that exists in the DRC and greater community.
- OPI struggles to receive payment for its products. As of March 2011, OPI had a total amount of \$3,200,000 in the accounts receivable aging report.⁸ Of the \$3.2 million, \$700,000 was over 30 days old.

7. A survey of the top correctional industries with the highest percentage of five year growth, nationally, indicates that penal industry growth within those states is attributed to one or more of the following:

- *Expanding customer base to include clientele outside of corrections.*
- *Reevaluate pricing structure rather than raise prices.*
- *Upgrading shop and data processing equipment to increase production and delivery time.*

RECOMMENDATIONS

In a series of discussions with DRC staff, CIIC found that many of its recommendations, independently developed based on OPI's prior history, were already in the process of being implemented by DRC staff. Therefore, the following is a list of mutually agreed-upon goals for OPI, with a shortened action plan. The full response from OPI staff is provided in the Appendix. CIIC will conduct a follow-up evaluation of OPI in two years to determine whether DRC accomplished the goals set forth.

1. Increase profitability, as well as the number of inmate workers in OPI.

- DRC staff made a significant commitment to move OPI from the red to the black, a goal that they accomplished in FY 2011.

OPI Action Plan

- Increase the number of inmates working for OPI by 150 in the next two years, eventually employing 5% of the total DRC inmate population.

2. Develop a strong business strategy, including a business and a marketing plan. The marketing plan should include an update of the OPI website to make it more user-friendly and attractive to customers.

- Basic business principles include having a well-developed plan for growth, as well as a strategy for pursuing new customers while building its customer base. The DRC is in the process of developing these tools and should set deadlines for accountability.

OPI Action Plan Business Plan

- The OPI Business Plan is currently under construction and should be completed by December 1, 2011.

OPI Action Plan Marketing Plan

- The OPI Marketing Plan will be included in the above business plan, to be completed by December 1, 2011.

OPI Action Plan Website

- The new OPI website is currently under construction and should be operational by spring 2012.

3. Conduct a product analysis to ensure that OPI products are comparable in quality to private company product lines. Where prices are higher than those of private companies, a full analysis should be performed to determine cost-cutting measures.

- Conducting an analysis not only should put to rest the negative perception in the DRC that exists regarding OPI products, but will also establish a foundation for attracting business outside of the DRC.
- OPI should continue to evaluate pricing structure and procurement process to ensure competitive prices and quicker delivery. OPI should also conduct a cost-benefit analysis on equipment to identify potential upgrades of outdated machines (i.e. print shop, milk processing).

OPI Action Plan

- We plan to test and compare with all outside major brands within this fiscal year and continually test as new products come on. We will finish initial review by July of 2012.

4. Increase opportunities for inmates to earn certificates through the national apprenticeship program.

- Participation in an apprenticeship program allows inmates to earn a certificate that can be used as proof of work skills to outside employers. Apprenticeship programs increase the likelihood that an inmate will find employment once released and therefore decrease the likelihood of recidivism.
- The DRC needs to identify the barriers that exist to apprenticeship programs – such as paperwork and lack of incentives for OPI shop supervisors – and develop solutions.

OPI Action Plan

- OPI will begin three apprenticeship programs in partnership with the Ohio Central School System by July of 2012.

5. Consider expanding production into new areas of business that either leverage its primary asset – cheap inmate labor – or provide insurance against fiscal insolvency, such as partnerships with private enterprises.

- Many OPI products are capable of being mass produced and therefore will always struggle to compete with foreign-made products that have the advantages of both cheap labor and cheap supervision. Therefore, OPI needs to break out of the mold of factory labor and consider products that maximize the asset of cheap inmate labor.
- OPI needs to continue seeking public/private partnerships, such as that which currently exists with Yamada, which would otherwise utilize foreign labor, so as to avoid the perception of unfair competition with Ohio businesses.

OPI Action Plan

- We will expand our partners to two additional by July 2012 and an additional two more by July of 2013.

OPI OVERVIEW

Numerous articles and studies over the years have stated the benefits of structured labor for inmates;⁹ however, OPI shops also provide multiple benefits for the Ohio taxpayer. First, selling products at reduced prices to the DRC and other state agencies results in direct savings to the state.¹⁰ A strong business plan and effective fiscal management can lead to profitability, which ultimately provides funds for the DRC that can take the place of tax dollars.

Second, OPI shops teach inmates work skills that will assist them to find employment on the streets and may ultimately reduce recidivism. OPI inmates have been reported to have a recidivism rate of 18 percent,¹¹ compared to the statewide recidivism rate of 34 percent.¹² Some employers who may otherwise struggle to find employees recognize the work experience that inmates gain in the OPI shops and reward them with a job post-release.¹³ Even taking the operating costs of the correctional industry program into account, at least one public policy group has estimated the financial benefits accruing to the state taxpayer at \$4,400 per participant due to reduced recidivism, or a return of \$6.65 for each dollar spent on the correctional industry program.¹⁴

Third, OPI also assists institutional management because OPI jobs, as a desired position, encourage inmates to demonstrate positive behavior so as to keep the jobs and it also reduces inmate idleness. Positive institutional management reduces prison violence,¹⁵ keeping both inmates and staff safe, which is a valuable goal in itself; however, reduction of violence also reduces medical costs borne by the state and ultimately, the taxpayer.

Last, OPI shops give back to the community. For example, institutional farms are consistently growing produce and donating it to food banks. OPI has had a partnership with Second Harvest Food Bank of Ohio who supplied the seed, fertilizer, and equipment.¹⁶ The operation produced 100,000 pounds of food that was donated the first year and 200,000 pounds the second year.¹⁷ OPI has considered producing vegetables for the institutions due to the success of the partnership.¹⁸

To place OPI in context, the following sections provide an overview of OPI, including its development from the 1800s to current operations.

A. HISTORY OF INMATE LABOR

The beginning of penal industries and the roots of inmate labor in Ohio can be traced back to the early 1800s when the first Ohio prison was constructed in 1815.¹⁹ Prison workshops originated at this time and inmates performed work that was necessary for the operation of the prison.

Following the completion of a new prison in the 1830's a new work program was implemented by the Warden of the facility to keep inmates busy.²⁰ Skilled inmates were employed as blacksmiths, spinners, wagon workers, tailors, butchers, bakers, soap makers, as well as other positions.²¹ Inmates who did not possess such skills worked on the construction of new buildings. Inmates were also permitted to make toys and small objects in their free time, which were

collected by prison guards and sold on their own time. This was the origin of sales and business to the outside market.

The first labor contract was set in 1835, which provided a five-year employment deal of 50 to 100 inmates for saddletree and carving for horse/mule collars. Additional contracts provided for the expansion of manufacturing shoes, clothing, socks, shovels, and buckets. In 1853, this practice was terminated and only manual labor was contracted.

In 1906, the Ohio Use Act and State Use Law permitted the manufacture of inmate products exclusively for state agencies, but it was not until 1912 that factories were established.²² These factories, referred to as State Use Industries, were located at Ohio State Reformatory and the Ohio Penitentiary. Initially starting with ten, the number of industries grew to thirteen in 1914.

The title of State Use Industries was replaced with the Division of Manufacturing and Sales when the Ohio Board of Administration managed the industries during the period leading up to 1922. During this period the automobile license tags shop began at the Ohio Penitentiary.

A consolidation of several agencies in 1922 placed the Ohio prisons under the Department of Public Welfare. The number of industries grew to 21 and in 1926 a sewing shop was introduced at the Ohio Reformatory for Women.

In 1947, the Division of Manufacturing and Sales was formally changed to Ohio Penal Industries. In addition, the number of shops grew to 25 spread amongst five facilities. In 1954, section 5147.07 of the Ohio Revised Code was enacted providing preferential rights to OPI for the sale of prison-made products to state agencies.²³ In addition, OPI was required to operate the industrial training program for profit.

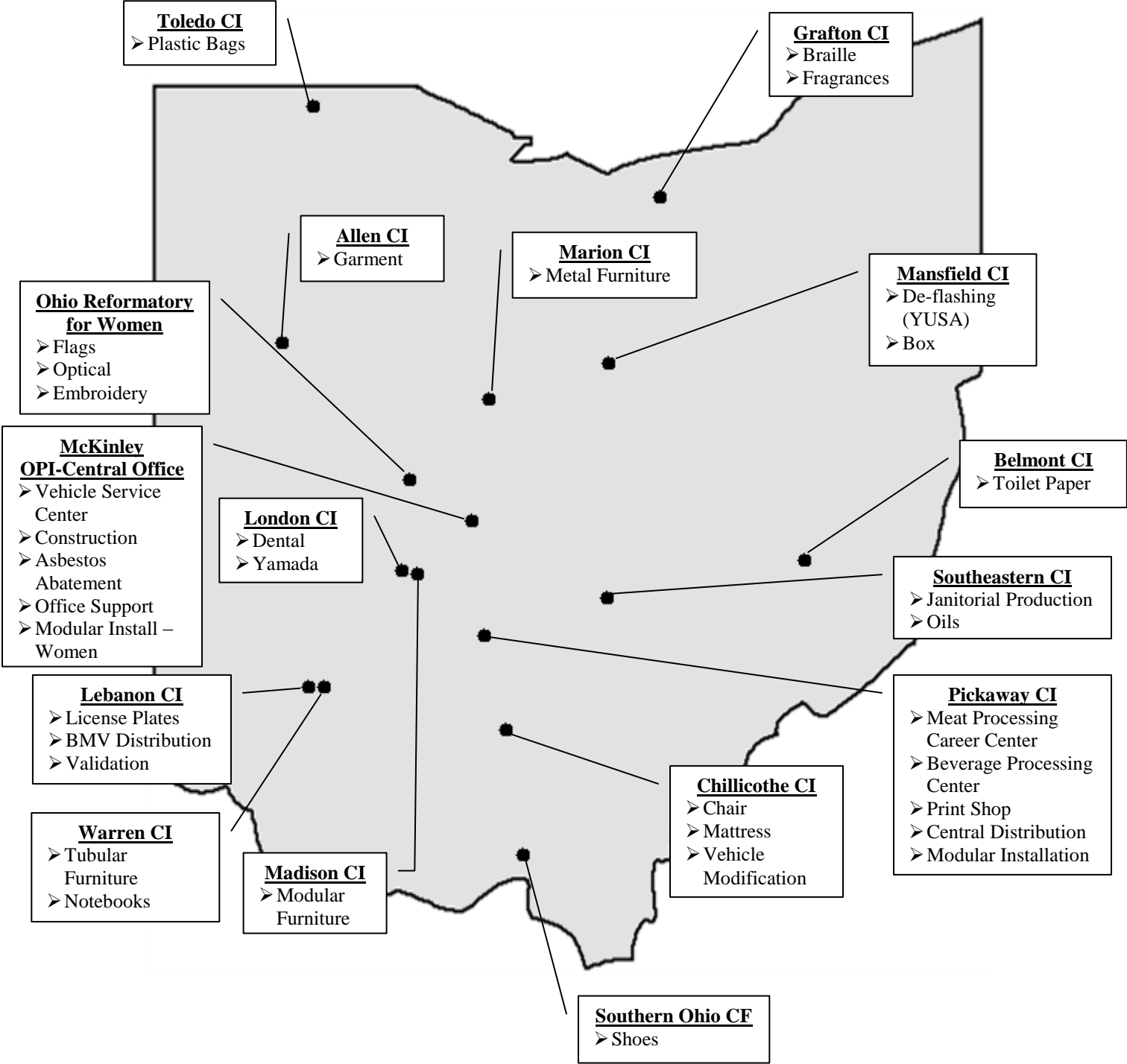
The prisons were absorbed by what was known as the Department of Mental Hygiene and Corrections in 1955. By 1972, corrections had grown to the point that it became necessary to create a separate department; the Ohio Department of Rehabilitation and Correction was created. At the time, OPI was operating 25 shops at eight institutions with gross sales of \$5,340, 160.²⁴ Also in 1972, section 5120.23 of the Ohio Revised Code was enacted, which strengthened the OPI customer base by authorizing political subdivisions such as Ohio cities, towns, and villages to purchase prison-made produces.²⁵

In 1981, the Ohio legislature passed House Bill 654, authorizing OPI to market sales with the private sector. The legislation also created the Prison Labor Advisory Council to assist DRC with the prisoner employment system.²⁶

House Bill 510 was passed in 2003, which permits OPI to participate in the Prison Industry Enhancement Certification program and exempted state local departments from normal restrictions on the sale of prisoner-made good in interstate commerce.²⁷

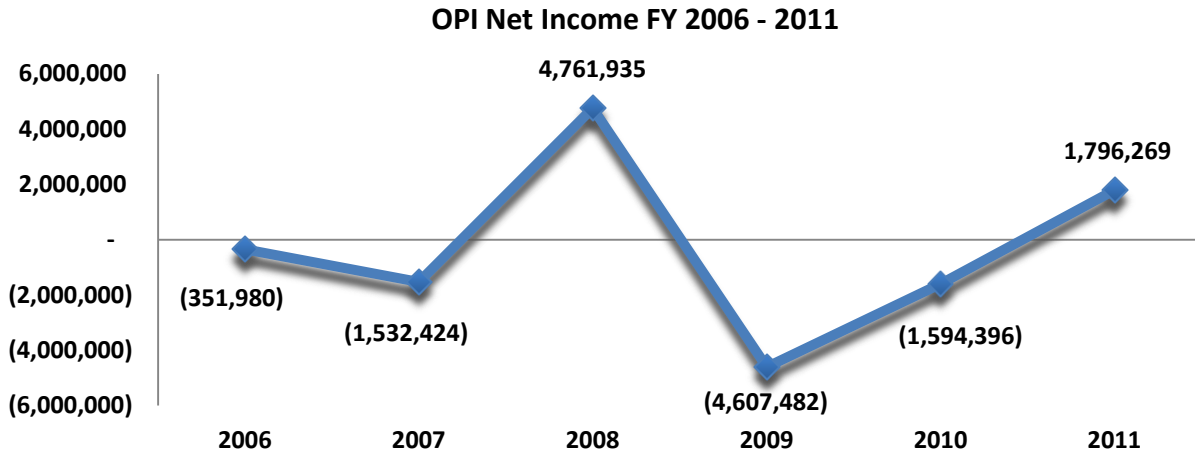
B. CURRENT OPI SHOPS

As of June 2011, OPI had 24 operations at 16 different locations, 15 of which were prisons.²⁸ The chart on the following page represents the geographical location of each shop. A breakdown of shops by institution along with a description is provided in Table 1 of the Appendix.



C. FINANCIALS

OPI has had a mixed financial history in terms of profitability, more often operating in the red than in the black in the past five fiscal years. In FY 2009 the agency finished with a loss of 4.6 million.²⁹ Since FY 2009, they have steadily increased and recently finished with a 1.8 million net income in FY 2011. The following chart depicts the OPI net income/loss for FY 2006-2011.³⁰



That said, it should be noted that the current OPI Chief, Khelleh Konteh, made a commitment for all OPI shops to operate in the black by the end of FY 2011. He achieved success in that goal and has made an ongoing commitment to OPI’s profitability.

Furthermore, the past two years have seen a restructuring of OPI that has reduced waste and laid the groundwork for consistency in profitability. In March 2009, the OPI Chief and Assistant Chief conducted specific product reviews including evaluations of pricing structures, raw materials and procurement, production systems, and customer bases so that informed decisions might be made to reduce costs and/or increase revenue.³¹ Reviews of products and businesses continued through 2009 and led to decisions to close several of the OPI shops by the end of February 2010.³² This appears to have been a step in the right direction, given the increasing revenues since 2009.

One financial challenge that OPI faces is a reduced budget, which is true of the DRC as a whole. OPI is funded as a non-GRF line item as part of the DRC’s overall budget. In the FY 2012 and FY 2013 main operating budget bill for Ohio, three non-GRF lines for DRC were cut.³³ One of those non-GRF funds was for OPI. As an added twist, the DRC joined farm operations to OPI; the farm operations cost \$7 to \$10 million to operate.³⁴

The top three operations with the highest net income for FY 2010 through FY2011 were: beverage processing with \$2,120,853; license plates with \$1,793,204; and toilet paper with

1,175,077.³⁵ The least profitable shop was the modular operation at Madison Correctional Institution as it recorded a \$322,264 net loss.³⁶

Table 1 on the following page provides a full breakdown of the revenues and expenses from FY 2006 to 2011. Table 2 provides a breakdown of each shop for FY 2010 and FY 2011.

**Table 1.
Breakdown of OPI Net Income
FY 2006-2011**

Revenue	2006	2007	2008	2009	2010	2011
Licenses and Fees	\$0	\$0	\$0	\$0	\$757	\$126
Other Income - Sales	\$2,395,941	\$3,011,066	\$4,150,422	\$5,295,741	\$3,620,301	\$5,771,033
Recoveries and Reimbursements	\$2,807	\$19,447	\$5,440	\$0	\$0	\$892
ISTV	\$30,748,531	\$27,795,619	\$33,300,710	\$21,096,796	\$24,642,715	\$26,245,535
Total Revenue	\$33,147,279	\$30,826,132	\$37,456,572	\$26,392,538	\$28,263,773	\$32,017,585

Expenses	2006	2007	2008	2009	2010	2011
Payroll						
Payroll	\$11,943,864	\$12,639,513	\$14,589,607	\$15,901,428	\$13,314,135	\$13,184,247
Inmate Payroll	\$1,668,376	\$1,349,551	\$1,126,468	\$1,303,058	\$1,679,201	\$1,263,439
Purchased Personnel Services	\$268,066	\$401,207	\$435,946	\$411,768	\$221,805	\$295,077
Awards, Prizes, Bonus and Other	\$0	\$0	\$15,632	\$8,778	\$24,858	\$9,965
Total	\$13,880,306	\$14,390,271	\$16,167,653	\$17,625,032	\$15,239,999	\$14,752,728
Supplies						
Edible Products and Food Handling	\$5,321,912	\$5,912,902	\$21,397	\$42,099	\$31,036	\$206,431
Supplies and Materials	\$0	\$0	\$673,119	\$1,021,808	\$677,254	\$567,210
Motor Vehicles Services	\$0	\$0	\$292,434	\$341,087	\$227,921	\$331,217
Travel	\$0	\$0	\$22,218	\$26,818	\$19,256	\$44,324
Communications and Shipping	\$0	\$0	\$99,724	\$83,261	\$48,597	\$90,694
Fuel and Utilities	\$0	\$0	\$107,975	\$120,575	\$290,447	\$346,340
Maintenance and Repairs	\$0	\$0	\$842,493	\$776,825	\$599,549	\$625,155
Rentals	\$0	\$0	\$122,033	\$125,632	\$40,215	\$40,545
Printing, Binding and Advertising	\$0	\$0	\$61,576	\$202,585	\$58,520	\$82,000
General and Other Expenses	\$0	\$0	\$2,934,383	\$321,264	\$441,766	\$897,065
Total	\$5,321,912	\$5,912,902	\$5,177,351	\$3,061,955	\$2,434,563	\$3,230,981
Equipment						
Food Handling Equipment - Lease	\$458,212	\$544,675	\$0	\$0	\$9,500	\$0
Food Handling Equipment	\$0	\$0	\$0	\$0	\$0	\$45
Office Equipment	\$0	\$0	\$1,337	\$2,759	\$590	\$0
Motor Vehicles Equipment	\$0	\$0	\$1,626	\$188,700	\$20,875	\$151,549
Groundkeep Equipment	\$0	\$0	\$0	\$77,180	\$0	\$0

Communications Equipment - Lease	\$0	\$0	\$90	\$0	\$0	\$2,409
Laundry and Cleaning Equipment	\$0	\$0	\$4,269	\$2,525	\$375	\$7,490
Data Proc Equip - Lease	\$0	\$0	\$12,625	\$0	\$5,160	included in other figure
Information Technology Equipment	\$0	\$0	\$2,040	\$21,478	\$0	\$72,520
Other Equipment - Lease Purchase	\$0	\$0	\$7,623	\$399	\$0	\$0
Recycled and Other Equipment	\$0	\$0	\$646,777	\$82,057	\$18,783	\$30,334
Total	\$458,212	\$544,675	\$676,387	\$375,097	\$55,282	\$264,347
Materials/Other						
Goods for Sale - Pass Thru	\$13,834,850	\$11,509,183	\$10,672,645	\$9,935,477	\$12,127,916	\$11,972,929
Judicial Actions - Payments	\$3,979	\$1,525	\$0	\$0	\$0	
Transfer and Non Expense	\$0	\$0	\$600	\$2,460	\$409	\$331
Total	\$13,838,829	\$11,510,708	\$10,673,245	\$9,937,937	\$12,128,325	\$11,973,260
Total Expenditures	\$33,499,259	\$32,358,556	\$32,694,637	\$31,000,020	\$29,858,169	\$30,221,316
Net Income/Loss	-\$351,980	-\$1,532,424	\$4,761,935	-\$4,607,482	-\$1,594,396	\$1,796,269

Table 2. Financial Breakdown of OPI Shops FY 2010 - 2011						
	FY 10			FY 11		
	Revenue	Expenses	Profit	Revenue	Expenses	Profit
ACI Garment	770,379	883,038	(112,659)	1,470,491	1,237,412	233,079
Construction/Asbestos	979,738	856,669	123,069	984,922	1,184,554	(199,632)
BECI Toilet Paper	1,694,772	1,116,021	578,751	1,858,248	1,261,992	596,256
CCI Chair Mattress	1,065,957	1,120,683	(54,726)	1,587,943	1,540,261	47,682
CCI Vehicle Mod	773,967	950,823	(176,856)	1,648,036	1,589,686	58,350
GCI Fragrance - Braille	161,871	158,226	3,645	144,026	168,119	(24,093)
LECI License Plate	2,106,696	1,243,015	863,681	2,193,204	1,263,681	929,523
LOCI Brush*	89,042	222,863	(133,821)	0	0	0
LOCI Garment*	619,974	767,321	(147,347)	0	0	0
LOCI Dental	236,409	145,249	91,160	299,193	243,611	55,582
MACI Metal*	115,251	152,113	(36,862)	0	0	0
MACI Modular	586,513	930,516	(344,003)	1,050,395	1,028,656	21,739
MACNI Box -Other	942,014	769,139	172,875	967,468	828,977	138,491
MCI Metal	413,450	548,751	(135,301)	568,395	652,627	(84,232)
ORW Flag Optical	482,332	424,851	57,481	549,837	497,917	51,920
PCI Beverage	3,558,085	3,319,970	238,115	4,086,459	2,203,721	1,882,738
PCI Meat Center	4,701,660	6,037,741	(1,336,081)	6,322,140	4,914,577	1,407,563
PCI Print	828,395	718,021	110,374	742,571	725,762	16,809
Vehicle Service Center	239,613	235,827	3,786	274,458	277,019	(2,561)
RCI Furniture*	138,546	306,123	(167,577)	0	0	0
SCI Janitorial	2,025,452	1,644,713	380,739	1,894,502	1,695,603	198,899
SOCF Shoe	966,851	1,054,305	(87,454)	1,107,969	1,111,856	(3,887)
Computer Recycling*	24,729	204,399	(179,670)	0	0	0
TOCI Plastic Bag	772,629	817,345	(44,716)	767,736	825,071	(57,335)
WCI Metal Notebooks	187,801	272,208	(84,407)	322,249	414,342	(92,093)
Total	24,482,126	24,899,930	(417,804)	28,840,242	23,665,444	5,174,798

* Indicates shop was closed during FY10

OPI CHALLENGES

This section provides an overview of the challenges that OPI currently faces. OPI is given the task of operating as a private business even as it is constrained on multiple sides, ultimately debilitating its ability to move “at the speed of business” and reducing profitability to the state. As one OPI staff person put it, OPI is a business that cannot control its own costs (due to DAS bidding) and it cannot control its own invoices and accounts process (due to the lack of its own account clerk). For OPI to truly reach its potential as a profit-maximizing entity, it needs to be streamlined and provided the necessary resources to be successful.

A. DEPARTMENT OF ADMINISTRATIVE SERVICES BIDDING

OPI has been scrutinized by state agencies and other DRC staff for their pricing structure as well as the speed at which orders are received, processed and delivered. One challenge that OPI staff commonly attribute to these circumstances is section 125.04 of the Ohio Revised Code – Determining what supplies and services are purchased by or for state agencies.³⁷ This section was amended through House Bill 562 of the 127th Ohio General Assembly and now requires OPI’s contracts and bids to be handled by the Department of Administrative Services (DAS).³⁸ Any direct purchases over \$25,000 must be made under the supervision of an employee who is certified by DAS and any purchase over \$50,000 must receive approval from the Controlling Board.³⁹ OPI/prison inmate employee program was previously exempt from this statute; reinstating this exemption would allow them to operate more efficiently and similarly to that of a private business, with less guidelines and constraints for bidding the procurement of goods. In one example, OPI reportedly waited over a year for DAS to bid out the contract for rubber gloves. In addition, OPI states one of their biggest limitations is they must purchase goods from a distributor rather than directly from the manufacturer. The current ORC 125.04 (D) language reads as follows:

D) This section does not apply to supplies or services required by the legislative or judicial branches, the capitol square review and advisory board, the adjutant general for military supplies and services, to supplies or services purchased by a state agency directly as provided in division (A), (B), or (F) of section 125.05 of the Revised Code, or to purchases of supplies or services for the emergency management agency as provided in section 125.023 of the Revised Code.⁴⁰

The following language is how the Ohio Revised Code read prior to the revision. The bold and underlined language was removed from the statute.

D) This section does not apply to supplies or services required by the legislative or judicial branches, boards of elections, the capitol square review and advisory board the adjutant general, to supplies or services purchased by a state agency directly as provided in division (A) or (E) of section 125.05 of the Revised Code, or to purchases of supplies or services for the emergency management agency as provided in section 125.023 of the Revised Code, **or to purchases of supplies or services for the department of rehabilitation and correction in its operation of**

the program for the employment of prisoners established under section 5145.16 of the Revised Code that shall be made pursuant to rules adopted by the director of administrative services and the director of rehabilitation and correction in accordance with Chapter 119 of the Revised Code. The rules may provide for the exemption of the program for the employment of prisoners from the requirements of division (A) of this section.⁴¹

B. LACK OF ENFORCEMENT OF STATE USE LAW

The lack of enforcement of the state use law continues to be an issue for OPI operations. Ohio Revised Code section 5147.07 specifically states that “No articles or supplies manufactured...by the labor of convicts of state correctional institutions shall be purchased from any other source for the state or its institutions unless the department of rehabilitation and correction first certifies, on requisition made, that the articles cannot be furnished.” In other words, state agencies are required to check with OPI to see if OPI can meet their need either through existing contracts or through a new contract. If OPI determines that it cannot meet the need of the state agency, it can grant a waiver to the agency to purchase from another company. However, a law is only as good as its enforcement and, as there is no enforcement structure in place to ensure that this statute is followed, most agencies do not first check to see if OPI can fill their product needs.

This was unfortunately true even within the DRC until recently: DRC institutions themselves did not order from OPI, preferring to go to outside vendors. CIIC inspections of DRC facilities include interviews of OPI staff as well as institutional staff. A common theme throughout the inspections was dissatisfaction regarding OPI products due to high costs, poor quality, and slow delivery time. Multiple staff independently relayed frustration that in the current budgetary climate, they could not buy cheaper products from private companies such as Walmart, but were compelled to buy from OPI. They also relayed frustration that private companies could purchase products from a local store, fulfilling the need immediately. When pointing out a lack of cleanliness in the restroom areas (such as the presence of mold, soap scum, or severe staining), CIIC has been told several times that the blame lies with the inferior quality of OPI chemicals and that institutions are helpless to fix the sanitation problem. Although CIIC has not conducted any studies in this regard, this same negative perception may also exist in other state agencies, explaining the need for enforcement of the law.

OPI staff have countered that OPI products are equal to any other product on the market (within the range allowed within institutions due to toxicity and safety standards) and that the negative perception of OPI products, which has existed for decades, is baseless.

Upon reflection, CIIC believes that the problem is not entirely due to a lack of enforcement of the state use law; if OPI products are equal in quality to other products and that they are competitively priced due to the cheap inmate labor, OPI should not have difficulties with attracting state business, with or without the Ohio Revised Code. The true problem is the larger issue of marketing, which is further discussed below. Assuming that the products are as OPI staff say, OPI needs to conduct a product review/analysis to compare both the quality and price of OPI products to similar products manufactured by private companies and then publish that to both DRC institutions and other state agencies. At the present time, all state agencies are

strapped for cash. Providing a product that is comparable in quality and cheaper than similar products will not lack for a customer base.

C. MARKETING

The negative perception of OPI, discussed above, is likely correlated to a lack of a marketing strategy. Marketing within any business remains necessary to promote business, expand operations, and dispel criticism; however, OPI currently lacks any marketing plan beyond word of mouth. While word of mouth can be an effective strategy, it is a difficult one to pursue successfully when most of the word of mouth about OPI, at least insofar as relayed to CIIC, is negative. OPI has also faced public criticism via the media⁴² – OPI’s plans for expansion will always be hampered if it does not have a strong marketing strategy to combat the negative perception that already exists.

A second key area where the lack of marketing is truly evident is in the OPI website. In today’s marketplace, the internet is companies’ primary vehicle for marketing: most companies do not have the time or the desire to go to OPI’s central warehouse to evaluate products in person. Furthermore, potential customers may make assumptions about the quality of a product due to the quality of the website itself: a lackluster website may indicate a lackluster product, with the converse being equally perceived as true. OPI’s current website is both dated and difficult to use; CIIC has heard stories from multiple parties who have unsuccessfully attempted to purchase products through the website. Several pages have been “under construction” for an extended period of time or simply do not exist, including, ironically, the “Help & Information” page.

To be clear, OPI staff are aware of this concern. OPI staff have been working on redesigning their website and has also discussed working with OPI shop managers to become more engaged with the marketing aspect of the business. OPI staff have also encouraged members of the Prison Labor Advisory Committee (PLAC), on which CIIC serves as an ex officio member, to engage in the marketing effort. Last, OPI staff have relayed an intent to develop a marketing plan as part of their larger business strategy.

D. ACCOUNTS PROCESSING

OPI has also been faced with the challenge of not receiving money for the services/products they provide. In November 2010, OPI staff stated that they had a total of \$3,301,096 of outstanding money.⁴³ As of March 2011, OPI had a total amount of \$3,200,000 in the accounts receivable aging report.⁴⁴ Of the \$3.2 million, \$700,000 was over 30 days old.

The issue of not receiving timely payments has been attributed to a consolidation of business staff in DRC’s Operation Support Center. While in theory this may appear to provide for greater efficiency, it further reduces OPI’s ability to operate “at the speed of business,” due to delays in paperwork such as invoices, etc. Although many of these issues have been addressed under the new administration, OPI staff explain that one or two onsite business personnel would be very beneficial.

E. APPRENTICESHIPS

Unlike the above challenges, the lack of apprenticeships is not an obstacle to OPI's success, but is rather one that is an internal obstacle to the DRC's reentry initiative. Currently, a majority of work performed by inmates could fall under a nationally-recognized apprenticeship program. The apprenticeship program would allow the inmates to obtain a certificate that inmates could use as proof of work skills with employers post-release. However, only six inmates were enrolled in an apprenticeship program, as of June 2011. This shortchanges inmates, who are already doing the work and who will not receive the certificate.

DRC staff have relayed that a chief problem is that enrollment in the apprenticeship program requires additional paperwork by OPI staff, including verification of inmate hours worked. As OPI staff are part of a bargaining unit, they cannot be required to do additional work. Therefore, most supervisors choose not to take on the added burden of paperwork.

OPI staff have relayed that discussions are currently in process between OPI and Education staff to increase the number of inmates in apprenticeship programs. At the time that this report was in the process of publication, OPI staff and Education staff were working toward sharing the paperwork burden, ultimately reducing the obstacle to inmate enrollment. More information regarding apprenticeships and the synergy with OPI operations can be found in the Appendix, "Full DRC Response to the CIIC Recommendations."

SURVEY OF CORRECTIONAL INDUSTRIES

CIIC's research included a review of products and financials for correctional industries in 46 states (Alaska, South Carolina, Vermont, and Wyoming did not report numbers).⁴⁵ The following sections provide a comparison of the financials and products.

A. FINANCIAL COMPARISON

Using fiscal year 2010 data, OPI reported a five-year growth of -19.52 percent, ranking 41st out of the 46 states. However, OPI reported a one-year growth was 0.53 percent. As stated above, new leadership of OPI has led to a concerted effort to bring OPI into the black, which has been successful.

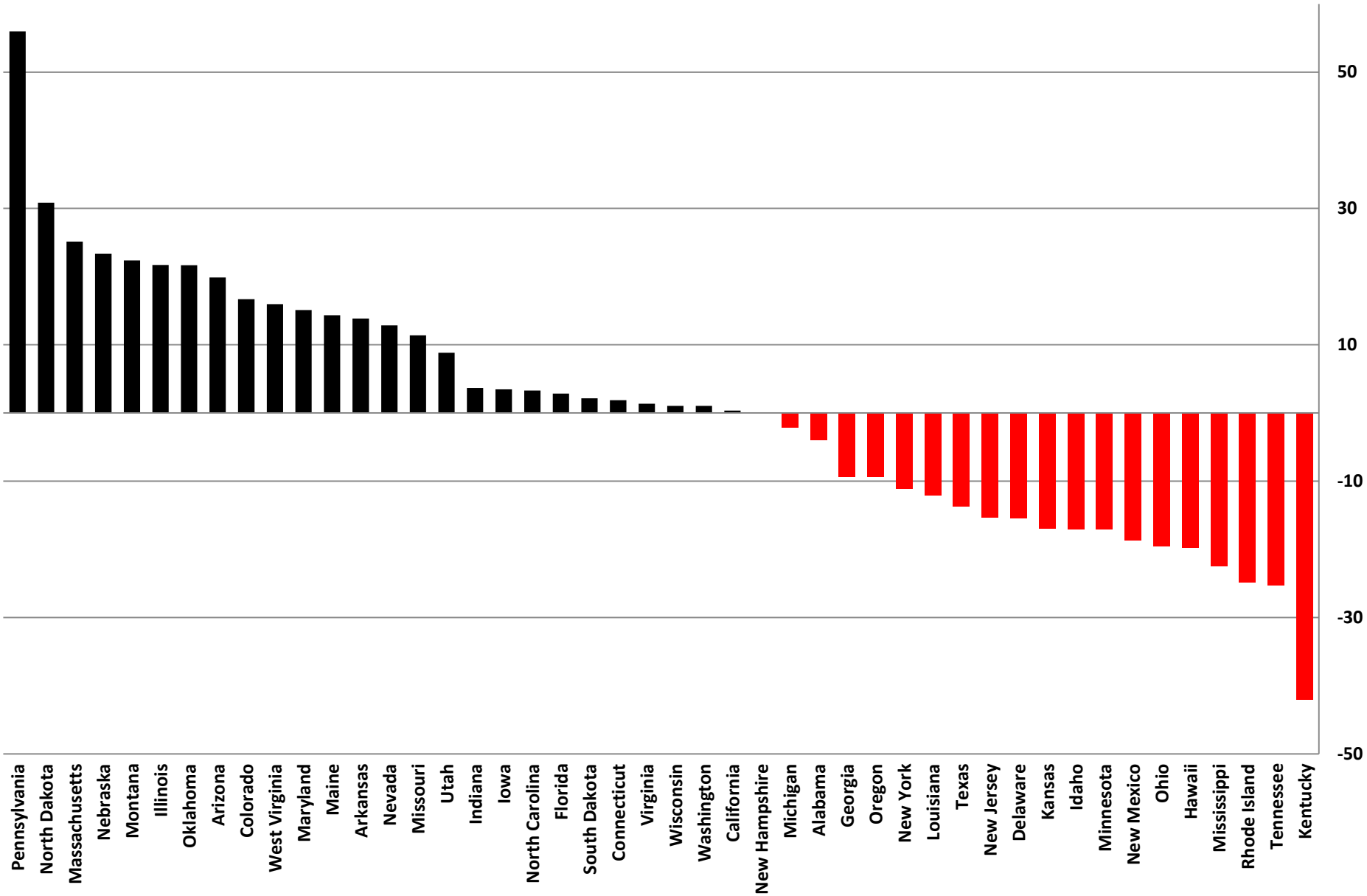
The chart on the following page provides a comparison of one and five-year percentage of growth for the 46 reporting states.

The top five states with the highest five-year growth were Pennsylvania (55.98 percent), North Dakota (30.84 percent), Massachusetts (25.12 percent), Nebraska (23.36 percent), and Montana (22.35 percent).⁴⁶ CIIC surveyed these states to determine common themes that have led to profitability. With the exception of North Dakota, whose profits can be explained by a short term surplus in products, the following findings were drawn from the CIIC survey of the actions taken by state correctional industries to increase profits:

- Expanded customer base to include clientele outside of corrections.
- Reevaluated pricing structure rather than raise prices.
- Upgraded shop and data processing equipment to increase production and delivery time.
- An exemption from DAS counterpart in purchasing raw goods.
- A higher limit on the amount of money that the state correctional industry could spend before requiring approval from the equivalent of the Controlling Board.

Some of these recommendations were echoed by the OPI shop supervisors who were interviewed by CIIC staff as part of CIIC's institutional inspections. Specifically, staff have relayed suggestions that OPI should focus on obtaining contracts for welfare work for the eye glasses and dental lab and work toward establishing additional public/private partnerships. Questions have also been raised regarding whether production could be increased with newer equipment – however, that would require a large influx of money in a cash-strapped environment.

National Comparison of 5 Year Growth by Percentage



B. PRODUCT COMPARISON

CIIC also compared the products of the state correctional industries to determine areas for further evaluation as a future possible OPI product. The following findings were drawn:

- Most states, including Ohio, reported producing furniture, garments, janitorial products, printed materials, signs/decals, agriculture (including food and dairy), linens/bedding, license plates/tags, and upholstered or embroidered products.
- Products that were reported by a handful of other states that are not currently produced as part of an OPI shop include the following: air filters, computer-aided drafting (CAD), and paint.
- A handful of states market directly to the public by producing novelty products for individual use, or specialty products that require extensive inmate labor and skill, such as Nevada's Big House Choppers.

The spreadsheet on the following pages provides a breakdown of the states' products.

As noted above, one difference between OPI and a handful of other states was the active marketing to the public. Although OPI legally can sell to the public, it currently only makes products that are intended for government/institutional use and does not actively market to private citizens. This may be due to the fact that OPI has faced criticism for being perceived as unfairly competing with private business. While recognizing that this is a valid concern for Ohio businesses with competing products, it must be noted as a further hindrance to OPI's expansion in that it self-imposes a limit on its customer base to not market to the public, who may have an interest in benefiting from OPI's competitive pricing.

CONCLUSION

As stated in the Introduction, three main conclusions were drawn by CIIC staff as part of its evaluation of OPI: (1) OPI provides a tremendous value to the state and should be supported; (2) OPI is hindered by a number of obstacles that reduce its greater potential for value to the state; and (3) OPI is in a period of transition, working toward profitability and financial stability.

The current goals for OPI are clear and echoed by OPI staff, CIIC staff, PLAC members, and other states. Fortunately, not only are the goals clear, but OPI staff have already begun the hard work toward reaching success in these goals.

To ensure accountability and fiscal responsibility, CIIC plans to conduct a second evaluation of OPI in two years to determine whether OPI staff have made significant gains in defined, measurable areas, such as inmates enrolled in the OPI workforce, net income, inmates enrolled in apprenticeship programs, publication of a business plan, and an attractive, user-friendly website.

In total, OPI is a win-win-win for inmates, the DRC, and the Ohio public at large. Despite recent shortcomings and challenges, OPI has the potential to generate significant savings for Ohio, while continuing to increase inmate employment. OPI has an unprecedented value with respect to inmate management and training, with the resulting promise of reduction in recidivism. In a time of overcrowding, understaffing, and a lack of programs across the DRC, OPI is a key component of the DRC's forward movement.

SECTION VII. APPENDIX

A. OPI SHOPS BY INSTITUTION

Institution	Shop	Description
Allen Correctional Institution	<ul style="list-style-type: none"> ● Garment 	Offenders manufacture institutional garments such as, shirts, jackets, parkas, pants and security gowns, as well as, institutional linens.
Belmont Correctional Institution	<ul style="list-style-type: none"> ● Toilet Paper 	Offenders are trained to manufacture and package toilet paper. Most sales are generated through ODRC. OPI manufactures single and double ply toilet paper totaling approx. 7,000,000 rolls per year.
Chillicothe Correctional Institution	<ul style="list-style-type: none"> ● Chair ● Mattress ● Vehicle Modification 	<p>Offenders are trained to manufacture and upholster high-quality office seating.</p> <p>Offenders receive training in the manufacturing of several different styles of institutional mattresses and pillows</p> <p>OPI staff provides training of welding, sand blasting, and vehicle painting to name a few of the tasks that offenders use in the modification of heavy vehicles. Aside from van conversions into offender transport vehicles, this industry’s primary customer is the Ohio Department of Transportation. Truck cabs and chassis are modified into snow removal and salt-spreading vehicles as well as refurbish current ODOT district fleets.</p>
Grafton Correctional Institution	<ul style="list-style-type: none"> ● Braille ● Fragrances (oils/lotions) 	Offenders repackage bulk materials for distribution to retail and wholesale markets, including Ohio’s prison commissaries. Repackaged items include arts and craft items, and scented oils. OPI also has a Braille transcription operation, where standard books are transferred into Braille for school districts with blind students.
Lebanon Correctional Institution	<ul style="list-style-type: none"> ● BMV Distribution ● License Plates ● Validation 	<p>In a partnership with the Ohio Bureau of Motor Vehicles, OPI staff supervises offenders in the shipment of all motor vehicle and trailer license tags, license validation decals and thirty-day temporary tags for all Deputy Registrars in the state of Ohio.</p> <p>In cooperation with the Ohio Bureau of Motor Vehicles, OPI offenders manufacture all motor vehicle and trailer license tags, license validation decals and thirty-day temporary tags for the state of Ohio.</p>
London Correctional Institution	<ul style="list-style-type: none"> ● Dental ● Yamada 	<p>In conjunction with ODRC’s vocational programs, offenders learn the art of fabrication of dentures and partial dentures and other types of dental repairs as needed. OPI provides dentures for all ODRC inmates.</p> <p>Inmates remove ragged edges from the surface of metal car parts.</p>
Madison Correctional Institution	<ul style="list-style-type: none"> ● Modular Furniture 	Offenders learn to manufacture and upholster various modular office system products.
Mansfield Correctional Institution	<ul style="list-style-type: none"> ● De-flashing (YUSA) ● Box 	In partnership with the YUSA Corporation of Washington Court House, Ohio, OPI staff supervise offenders in removal of excess rubber flashing from injection

		<p>molded rubber/metal body bushings and mounts that will be used on Honda automobiles. This is one of OPI’s external partnership industries.</p> <p>Offenders manufacture and print various sizes and styles of corrugated containers, which are utilized by various State agencies and OPI operations.</p>
Marion Correctional Institution	<ul style="list-style-type: none"> • Metal Furniture/Fabrication 	<p>Metal furniture, including office chairs, institutional lockers, and radio consoles for the Ohio State Highway Patrol are produced by offenders at MCI Metal operation. The design and manufacture of various types of institutional and security metal beds and storage solutions as well as special order products for other state agencies are also produced here. The operation is now refurbishing dumpster containers.</p>
McKinley Avenue (OPI Central Office)	<ul style="list-style-type: none"> • Vehicle Service Center • Construction • Asbestos Abatement • Office Support • Modular Install – Women 	<p>Offenders perform maintenance and repair of state vehicles. At a sizeable savings vs. Public service centers. Offenders have been administered and achieved ASE Certification. The offenders are housed at the Pickaway Correctional Institution.</p> <p>In conjunction with CAM (Construction, Activation and Maintenance) OPI staff supervises offenders in the removal of environmental hazards, specifically the encapsulation and removal of asbestos containing materials and in the renovation, demolition or construction of structures for state, local, and county municipalities. Offenders are generally housed London Correctional Institution, but are transferred to other Ohio prisons as jobs occur.</p> <p>The female offenders in OPI’s Sales and Computer Aided Design (CAD) services departments provide data entry and CAD drawings for Modular furniture layouts. These offenders are housed at the Franklin Pre-Release Center and transported to the McKinley Ave. site daily.</p>
Ohio Reformatory for Women	<ul style="list-style-type: none"> • Flags • Optical • Embroidery 	<p>Offenders produce a high quality, hand sewn State of Ohio and United States flags. This is another private partnership that where offenders manufacture specialty flags and banners. The operation also manufactures mops for institutional floor care and various styles of socks for use in all prisons.</p> <p>The production and dispensing of quality eyeglasses is done at ORW. Customers include the ODRC, the Ohio Department of Youth Services and some institutions under the Ohio Department of Mental Health.</p>
Pickaway Correctional Institution	<ul style="list-style-type: none"> • Meat Processing Career Center • Beverage Processing Center • Print Shop • Central Distribution • Modular Installation 	<p>Meat Processing Career Center (MPCC) is a 37,000 square foot multi-functional operation, completing both processing and packaging of meat products. MPCC provides the Ohio Department of Rehabilitation and Correction Food Service operations over 3.2 million pounds of meat product per year. MPCC currently sells its “Prime Cuts” to Statewide Sales and Distribution at commodity pricing. Expected sales are over \$500,000.00 for FY11. MPCC is pleased to be partners with the Ohio Department of Agriculture, The Ohio State University and the Ohio Cattlemen’s Association and a member of Ohio Proud.</p> <p>Offenders receive training from The Ohio State University in the processing and</p>

		<p>packaging of the milk produced on the five ODRC dairy farms, as well as non-carbonated, fruit flavored, beverage. Milk is 1%, based on dietary requirements from the DRC Dietician. Milk (1,522,260 gallons) is provided by the five dairy farms. Shortages (314,639 gallons) are supplemented through The Ohio State University.</p> <p>Offenders receive training in the design, layout, proofing, printing and duplicating of various printed materials.</p> <p>OPI staff supervises offenders in the loading and unloading of products made by other OPI operations. From this centralized location products are pulled to fill customer orders and delivered by OPI trucking staff. OPI owns and operates it's own fleet of delivery trucks (Tractor/trailer and straight trucks) and employees 8 drivers.</p> <p>The installation of modular office systems manufactured at the Madison Correctional Institution as well as private partnership systems are installed by these crews. The offenders receive training in the installation of several different styles of modular systems sold by OPI. On a need bases, offenders from Southeastern Correctional Institution, Boot camp are also used.</p>
<p>Southeastern Correctional Institution</p>	<ul style="list-style-type: none"> • Janitorial Production Warehouse • Oils 	<p>OPI staff supervise offenders in the manufacture of high-quality, institutional janitorial, laundry and personal care products. These products are used in all ODRC institutions.</p>
<p>Southern Ohio Correctional Institution</p>	<ul style="list-style-type: none"> • Shoe 	
<p>Toledo Correctional Institution</p>	<ul style="list-style-type: none"> • Plastic Bags 	<p>Offenders manufacture high-quality plastic bags, primarily for use by Ohio's prisons and the Ohio Department of Transportation for use in state Rest Areas. OPI has also added Bio-Hazard and Bio-Degradable bags.</p>
<p>Warren Correctional Institution</p>	<ul style="list-style-type: none"> • Tubular Furniture • Notebooks • De-flashing 	<p>Offenders design, manufacture parts and assemble metal office chairs, computer workstations, lockers, vinyl notepad holders, and vinyl binders. This operation also houses OPI's second YUSA partnership location.</p>

B. FULL DRC RESPONSE TO CIIC RECOMMENDATIONS

1. Increase profitability as well as the number of inmates working within our operations.

As we continue to grow, we will open new shops within the next two years – one at Ross Correctional and expand the one at London Correctional. These shops stem from critical partnership with OPI – one a furniture manufacturer and one with a Japanese Manufacturer. We are making no revenue from the wood furniture at this time and we speculate running in the black in our first year of operation and seeing a profit of \$50k per year at the end of the 2nd year. The London shop is currently at the break even and running in the black and at the end of two years, it should be \$10k per month in the black.

With these shops opening, we will add an additional 50 inmates at the Ross Correctional site and we can go up to 100 inmates at the London site.

We have an eventual goal of 5% of the inmate population in DRC working for OPI – this would be around 2,500 inmates.

2. Develop a strong business strategy – to include business plan and marketing strategy.

The OPI Business Plan is currently under construction and will be complete December 1, 2011. The plan will include a strong marketing plan and strategies to continually grow and succeed in our mission. The plan will also include components having to do with the expectations of the Prison Labor Advisory Committee, Apprenticeship and Reentry goals.

The new OPI website is currently under construction and the IT folks have shown a great deal of effort and progress. The new site will be operational in the early spring of 2012 and will included much updated information with dropdown boxes for families of products.

3. Conduct product analysis of all OPI products – where prices are higher, a full analysis should be conducted.

OPI products are currently comparable with products which are sold by private companies. We compare our prices with Bob Barker (detention supplier) Grainger and other product suppliers prior to actually assigning a price. We test our products on the line where they will be utilized.

We plan to test and compare with all outside major brands within this fiscal year and continually test as new products come on. We will finish initial review by July of 2012.

4. Increase opportunities for inmates to attain apprenticeship certificates.

OPI currently operates twenty two (22) shops within sixteen (16) prisons.

- In the steel business, we manufacture beds and locker boxes, refurbish trucks and dumpsters, operate complete machine shops, manufacture outdoor seating and benches and complete various special projects as they are needed. The inmates operate presses,

sheers, grinders, welders, plasma cutters and all the equipment normally found in industrial machine and steel shops.

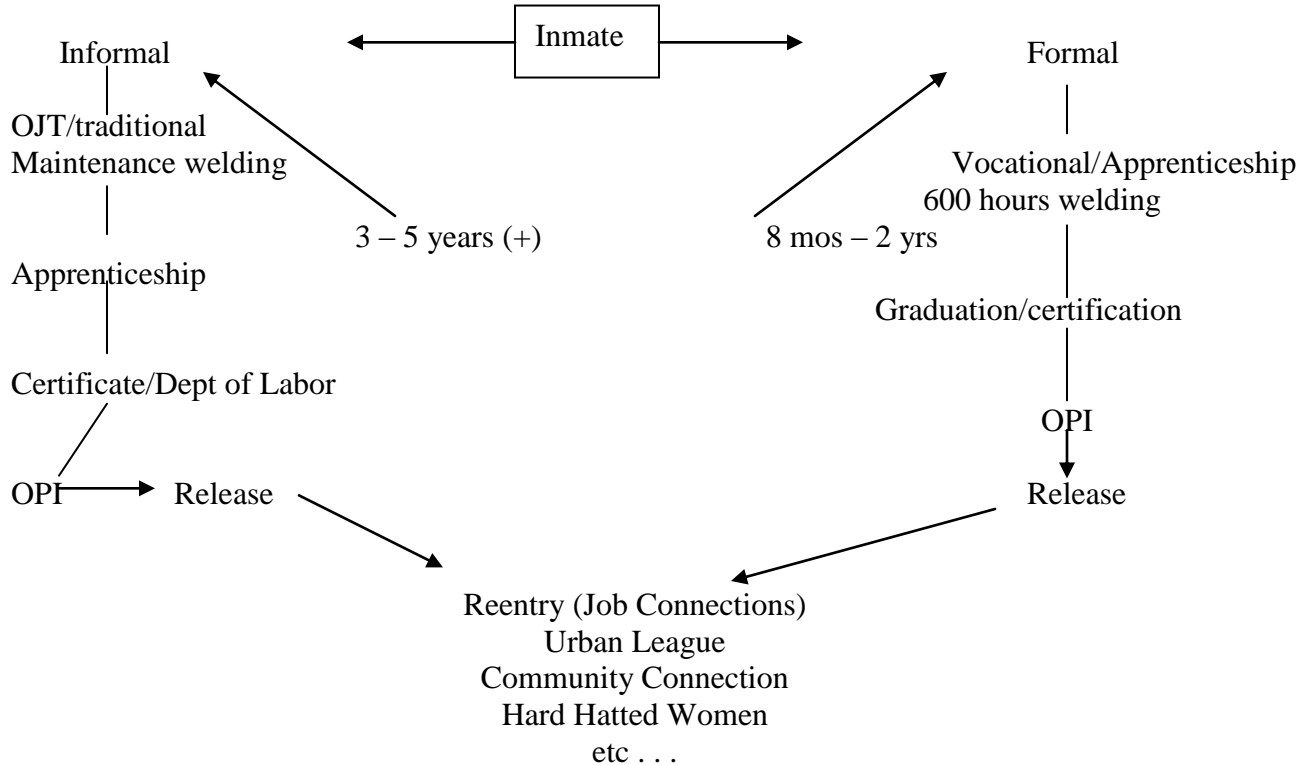
- OPI operates the Vehicle Service Center on McKinley Avenue in Columbus. Inmates are assigned to complete maintenance on the DRC fleet of vehicles as well as for other state agencies. Currently, they work on seventeen (17) agency fleet(s). The inmates perform oil changes, brake jobs, tire work up to and including major engine overhauls. The inmates perform work on diesel trucks and busses on a consistent basis. This work saves the State of Ohio a great deal of money in service and parts fees.
- The Dental shop at the London Correctional Institution manufactures all of the dentures for inmates housed in the State of Ohio. The shop is supervised by a Certified Dental Technician who checks all of the work prior to it leaving the shop. The inmates come from two different sources – either the Columbus State Community College Dental Program or from the general population. Either way, the inmates are trained throughout the operation of the shop and it has become a very successful business. Inmates who leave this shop are immediately employed upon their release.
- The shop at the Ohio Reformatory for Women houses different industries, the largest is sewing. Inmates in this shop manufacture flags and banners which are currently flown around the State of Ohio at State Agency locations. There is also a partnership with an outside business at this location and the inmates manufacture banners and flags as contract work. We have an optical shop where glasses are manufactured for the inmate population around the state – this shop trains the ladies in all aspects of the operation and has been an excellent business resource for the placement of inmates upon their release. There is an embroidery business where the badges and rockers are made for the officer’s uniforms as well as a mop business where the mops used through the prisons in the state are manufactured.
- Inmates working at the McKinley Avenue complete all of the order entry for our business as well as perform the drafting/CAD service for our modular workstation designs. The inmates have a tremendous amount of time to work with this material and continue to be trained to become better.

OPI operates other big shops and industries such as toilet tissue and janitorial, but the ones listed above (bullet points) are those which *career tech programs* would be an immediate fit with a very good chance for success. Programs such as this exist for welding, auto mechanics, dental, optical and drafting/CAD.

Career Technical Programs or apprenticeships are those which an inmate receives credit for his hourly participation in an occupation. The program can be for 600 to 800 hours, up to 2000 hours of training. The inmate can receive job skill or OJT credit for the time he or she has already been working prior to enrollment into the program. The inmates must serve a probationary period and will be evaluated on their work, attitude, willingness toward completion and overall adhesion to the program. The supervisor must track the hours of participation and the inmate must complete 144 hours of additional related educational requirements such as

safety, first aid, EEO and OSHA training. This related training will ultimately save money to the employer – either civilian or correctional through awareness and practice.

To be placed into a Career Tech Program, the inmate must be able to read at an 8.0 reading level and may have some time constraints on the amount of time he/she is serving – 18 months to 2 years. We believe there is a dual track – both effective and both leading to the same goal of the inmate receiving the same degree of training to better suit his/her release into society.



Each one of these tracks leads to OPI – either the formalized vocational training and certification program or the program which leads the inmate through the work path of maintenance and/or OPI. The inmate can still receive the necessary training, receive either full or halftime certification and be prepared for serious, lucrative employment upon release.

*(Fulltime or complete certification is issued by the United States Department of Labor. Halftime certification is issued by the Ohio Central School System.)

It would be very simple to begin a program track in one of the existing shops supervised by OPI. Any of the Welding, Dental, Optical, Sewing or Auto/Mechanic programs would be a good fit to begin the programming. The inmates working in OPI already have achieved their high school diploma or GED and are doing the type of work, day to day, which would fit into the OJT or job

skill credit. There are inmates working in some of the shops who have performing the work for years. The program would have to be established and approved through the Ohio State Apprenticeship Council; we work with the instructor and begin accepting applications. The inmate would have to submit a resume and background information. We would make sure of his past educational background, give him some orientation to the program and begin.

OPI will begin three apprenticeship programs in partnership with the Ohio Central School System by July of 2012.

5. Consider expanding production into new areas of business.

As stated in the report, we have a new relationship with a Japanese manufacturer and we believe partnerships will help us expand. We will continue to strive for this type of work – we currently have two (20 other potential partners who want to do business with us.

We will expand our partners to two additional by July 2012 and an additional 2 more by July of 2013.

ENDNOTES

¹ The Ohio Department of Rehabilitation and Correction is statutorily charged in the Ohio Revised Code 5145.16, Work Programs, with establishing work programs in some form of labor for as many prisoners as possible who are in the custody of the department. According to the statute, the labor may be in the department’s manufacturing and service industries and agriculture, in private industry or agriculture that is located within or outside the department’s institutions, in public works, in institutional jobs necessary for the proper maintenance and operation of the institutions under the control of the department, or in any other appropriate form of labor. The department, pursuant to the program, shall attempt to engage in work programs as many prisoners as possible who are in its custody and who are eligible for the programs.

² National Correctional Industries Association Directory, 2011.

³ CIIC Report: Ohio Penal Industries, Brief on OPI Shop Closures, February 2010.

⁴ Personal communication from OPI managers during CIIC inspections of OPI shops from February 2011 through August 9, 2011.

⁵ DRC Weekly Population Count Sheet for the week of June 27, 2011.

⁶ OPI Monthly Fact Sheet, June 2011.

⁷ OPI Monthly Fact Sheet, June 2011.

⁸ Communication during PLAC meeting, April 20, 2011.

⁹ See, e.g., Getkate, Maury. (1994). Quality practices can work in correctional industries. *Corrections Today*, 56, 97; Sommerville, Lauer, Benser. (2002). State Use Industries Expands use of CAD Design. *Corrections Today*, 64, 96-103; Moses, Smith. (2007). Factories Behind Fences: Do Prison “Real Work” Programs Work? *Corrections Today*, 69, 102; Conaway, C. (2002). Doing Well by Doing time? *Regional Review*, 12, 20; (2006). “Now We Have Proof! Inmates Who Work While Confined Do Much Better After Release.” (2006). *American Jails*, 20, 92; Wilkinson, Reginald (2004, August 1). “Prison jobs teach inmates skills, instill work ethic.” *The Columbus Dispatch*, p. 11A.

¹⁰ Bischoff, Laura. (2010, January 31). “Prison labor saves taxpayers money - Making items used in prisons also helps inmates build skills for life after incarceration.” *Dayton Daily News*, p. A1.

¹¹ Bischoff, Laura. (2010, January 31). “State tries to keep inmates busy to lower return rate.” *Dayton Daily News*, p. A12.

¹² Ohio Department of Rehabilitation and Correction. (2011, February 24). “Ohio Prison Recidivism Rate at 11-Year Low.” Accessed at <http://www.drc.ohio.gov/Public/press/press397.htm>.

¹³ Bischoff, Laura. (2010, January 31). “Inmates use artistry, learn skills in making dentures.” *Dayton Daily News*.

¹⁴ Washington State Institute for Public Policy. (January 2005). “Correctional Industries Programs for Adult Offenders in Prison: Estimate of Benefits and Costs.” Accessed at http://www.washingtonci.com/_content/about_ci/05-01-1202.pdf.

¹⁵ A tag shop supervisor at the Lebanon Correctional Institution, a Level 3 (close) security facility, reported having to break up only four fights in fourteen years, a remarkably low rate for the institution. See Pack, Lauren. (2011, June 6). “Inmates take pride in license plate production.” *The Hamilton Journal-News*.

¹⁶ Communication during PLAC meeting, December 15, 2010.

¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ Ohio Penal Industries Historical Overview, January 2004.

²⁰ Ibid.

²¹ Ibid.

²² Ibid.

²³ Ibid.

²⁴ Ibid.

²⁵ Ibid.

²⁶ Ibid.

²⁷ Ibid.

²⁸ OPI Monthly Fact Sheet, June 2011.

²⁹ Information provided by OPI Central Office staff, March 11, 2011.

³⁰ Information provided by OPI Central Office staff, August 18, 2011.

³¹ CIIC Report: Ohio Penal Industries, Brief on OPI Shop Closures, February 2010.

³² Ibid.

³³ Communication during PLAC meeting, July 20, 2011.

³⁴ Ibid.

³⁵ Ibid.

³⁶ Ibid.

³⁷ Continuous communication from OPI.

³⁸ Am. Sub. H.B. 562 of the 127th General Assembly.

³⁹ Ibid.

⁴⁰ Ohio Revised Code section 125.04

⁴¹ Information provided by OPI.

⁴² See, e.g., Johnson, Alan. (2011, January 31). "Prison Jobs Costly." The Columbus Dispatch.; Beyerlein, Tom. (2011, August 22). "Proposed bill would allow inmates to manufacture goods for market." Dayton Daily News.; Aker, Paul and Chow, Joel. (2009, March 31). "State prisons end furniture accord - Firm didn't share profit, officials say." Columbus Dispatch, p. B3.

⁴³ Communication during PLAC meeting, November, 17, 20110.

⁴⁴ Communication during PLAC meeting, April 20, 2011.

⁴⁵ National Correctional Industries Association Directory, 2011

⁴⁶ Ibid.