

**STATE OF FLORIDA  
DEPARTMENT OF CORRECTIONS  
OFFICE OF THE INSPECTOR GENERAL**

**TO:** James R. McDonough  
Secretary

**FROM:** Paul C. Decker  
Inspector General

**DATE:** September 20, 2007

**SUBJECT:** REVIEW OF ALLEGATIONS RELATED TO PRISON INDUSTRIES  
PROGRAM, REPORT NUMBER Ro6020

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The attached report presents the Bureau of Internal Audit's review in response to allegations of improprieties involving Florida's participation in the federal "Prison Industries Enhancement Certification Program" (PIECP).

The April 2006 allegations leading to this review were submitted by a former inmate who served time with Florida Department of Corrections (DC). The complaint stated four main allegations:

1. PRIDE generally has failed to provide prevailing wages or workers' compensation coverage to inmates working in the PIECP program. The payment of less-than-prevailing wages in turn reduced the amount paid to DC for "room and board" deductions.
2. PRIDE entered into a PIECP-authorized partnership with ATL Industries of Atlanta in 2002 for the purpose of processing meat products. Inmates working on this contract were paid substantially less than the required prevailing wages.
3. PRIDE failed to pay prevailing wages to inmates working on its sign production contract with Century Graphics of Orlando.
4. PRIDE produced auto license tags for shipment to Liberia in 2004, using inmates at Union CI who were not paid PIECP-required wages.

**With few exceptions, all four allegations were unsupported by evidence.**

Should you have any questions or comments related to the report, please contact me or Donald L. Miller, Chief Internal Auditor.

  
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Inspector General

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## FLORIDA DEPARTMENT OF CORRECTIONS

## Review of Allegations Related to Prison Industries Program

Report #R06020

Paul C. Decker, Inspector General  
Donald L. Miller, Chief Internal Auditor

September 20, 2007

**EXECUTIVE SUMMARY**

We conducted this review in response to allegations of improprieties involving Florida's participation in the federal "Prison Industries Enhancement Certification Program" (PIECP).

PIECP was created by Congress in 1979 to encourage states to establish employment opportunities for inmates that approximate private-sector work experience. The program attempts to place inmates in a realistic work environment, pay them the prevailing local wage for similar work, and enable them to acquire marketable skills to increase their potential for successful rehabilitation and meaningful employment upon release.

Corrections departments participating in PIECP must meet nine criteria including payment of prevailing wages, workers' compensation coverage for inmate workers, and restrictions on amounts deducted from inmates' wages.

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2. PRIDE entered into a PIECP-authorized partnership with ATL Industries of Atlanta in 2002 for the purpose of processing meat products. Inmates working on this contract were paid substantially less than the required prevailing wages.
3. PRIDE failed to pay prevailing wages to inmates working on its sign production contract with Century Graphics of Orlando.
4. PRIDE produced auto license tags for shipment to Liberia in 2004, using inmates at Union CI who were not paid PIECP-required wages.

**With few exceptions, all four allegations were unsupported by evidence.**

## BACKGROUND

A total of 50 jurisdictions – specifically the Departments of Corrections in all 50 states – are eligible for certification under PIECP. To become certified, each program must demonstrate to the Bureau of Justice Assistance (BJA) within the U.S. Department of Justice, that it meets statutory and guideline requirements, including the following:

- 1. Eligibility.** Authority to involve the private sector in the production and sale of inmate-made goods on the open market.
- 2. Wages.** Authority to pay wages at a rate not less than that paid for work of a similar nature in the locality in which the work is performed.
- 3. Non-inmate worker displacement.** Written assurances that PIECP will not result in the displacement of employed workers; be applied in skills, crafts, or trades in which there is a surplus of available gainful labor in the locality; or significantly impair existing contracts.
- 4. Benefits.** Authority to provide inmate workers with benefits comparable to those made available by the federal or state government to similarly situated private-sector employees, including workers' compensation and, in some circumstances, Social Security.
- 5. Deductions.** Corrections departments may opt to take deductions from inmate worker wages. Permissible deductions are limited to taxes, room and board, family support, and victims' compensation. All deductions may not total more than 80 percent of gross wages.
- 6. Voluntary participation.** Written assurances that inmate participation is voluntary.
- 7. Consultation with organized labor.** Written proof of consultation with organized labor prior to program startup.
- 8. Consultation with local private industry.** Written proof of consultation with local private industry prior to program startup.
- 9. National Environmental Policy Act (NEPA).** Written proof of compliance with NEPA requirements prior to program startup.

The Florida Department of Corrections (DC) was first certified for PIECP participation by BJA in April 1995. That certification and the ensuing right to use inmate labor to produce and sell goods to private enterprise, was transferred to PRIDE Enterprises in 1999. PRIDE Enterprises is a statutorily authorized, private not-for-profit corporation that has operated most of Florida's prison industries since 1979.

The National Correctional Industries Association (NCIA), a professional organization for prison industry employees, provides technical assistance for this program and, under a grant from BJA, assesses participant compliance with program requirements.

## SCOPE AND METHODOLOGY

To gather sufficient and competent evidence to review the allegations we:

- Obtained a recent (2005) NCIA assessment report of PRIDE's participation in PIECP and used its findings to assess compliance with the above criteria. We noted that the NCIA report examined activity at or about the time of the alleged abuses reported by the complainant.
- Inquired and obtained written confirmation from BJA of PRIDE's continued certification under the PIECP program, and

- Requested inmate payroll records from PRIDE and compared them to records of inmate payments maintained by DC's Bureau of Finance and Accounting. Although the time needed to obtain the above data was lengthy, we felt it provided the most objective and cost-effective method of evaluating the complainant's allegations.

## RESULTS OF REVIEW

### **Allegation # 1:**

The complaint alleges that PRIDE has failed to meet PIECP requirements relating to wages and benefits. Specifically, it states that PRIDE is paying only minimum wage (\$5.15 an hour) rather than prevailing wages to PIE workers, and does not provide Workers Compensation. The complaint continues, "As you know the FDOC receives 40% of the wages earned by PRIDE inmate workers to be applied to room and board. The FDOC has lost millions (of dollars) because of the failure of PRIDE to abide by the mandatory wage requirements."

### **Discussion:**

In an Aug. 15, 2007 email to this auditor, BJA's policy advisor for PIECP confirmed that Pride has maintained continuous PIECP certification since Jan. 1, 2000. To receive certification, Pride was required to meet all of the above criteria, including those governing wages and workers compensation. NCIA conducted a Compliance Assessment of Florida's PIECP program in late 2004. NCIA found that PRIDE met wage criteria at all locations except one (some inmates working on the Hunter Printing contract were paid sub-competitive training wages for longer than the allowable 120-day/960-hour limit.) NCIA reported that the back-wage issue was subsequently corrected. NCIA also reported that PRIDE had purchased workers compensation insurance. We reviewed a sample of wages paid to inmates in the PIECP program at Union CI and found that wages met and in some cases exceeded federal minimum wage requirements. PRIDE deducts 40% of the inmate's wage for Room and Board, 15% for victim's compensation, and 10% for court costs if applicable. This total did not exceed the 80% cap on aggregate wage deductions.

**Conclusion: Allegation #1 is unfounded.**

**Addendum: Although not referenced in the complainant's allegation, our review revealed that DC has not received funds that it previously had received for room and board deductions withheld from PIECP inmate wages.**

Since 2000, PIECP room and board deductions have been deposited into the Prison Industries Trust Fund and subsequently paid to PRIDE. The trust fund was statutorily established by the 2000 Legislature as a holding fund for inmate wage deductions authorized by the federal PIECP statute. The enabling legislation does not specifically mention room and board deductions by name. However, a review of DC accounting records indicates that the room and board deductions were not paid to DC. Department

of Financial Services records show that moneys which appear to constitute room and board deductions were placed in this account and were subsequently returned to PRIDE. Records show that PRIDE requested the money to buy production equipment such as printing presses, paint tanks and vehicles. Because this activity is not part of the original allegations which prompted this review, this information has been presented to General Counsel for review.

**Allegation #2:**

The complaint alleges that PRIDE formed a partnership with ATL Industries to process meat products for shipment to ATL's customers. ATL subsequently brought suit against PRIDE for billing, bookkeeping, and inventory issues.

The complaint further alleges that PRIDE operated a facility at Union Correctional Institution where it used inmate labor to process, pack, label and prepare the products for shipment to customers throughout the US, while failing to pay prevailing wages to the inmate workers. PRIDE allegedly paid the workers only 20 to 50 cents an hour, and did not offer workers compensation or abide by several of the other PIECP requirements. These issues mirror allegation # 1, but pertain specifically to the ATL relationship with PRIDE.

**Discussion:**

In response to our request for PIECP payroll information related to ATL, Brian Connett, PRIDE's manager of bid administration, wrote that "the ATL project was not a PIE project".

Additionally, NCIA's 2004 review of PRIDE made no reference to ATL as a PIECP contract.

**Conclusion: The evidence fails to support Allegation #2.**

**Allegation #3:**

The complaint alleges PRIDE designed, manufactured, sold and shipped signs to the Orlando area sign company Century Graphics, without paying prevailing wages. The complaint further states that in 2004, PRIDE "decided to pay a couple of inmates who worked on the signs the federal minimum wage (not prevailing wage) for their work on these products. PRIDE justified this change in policy by stating it had discovered that approximately 10% of the products were being shipped outside of Florida by the customer and therefore they were required to pay PIE program wages on that percentage of the contract."

**Discussion:**

The payroll records we obtained both from PRIDE and from DC's Bureau of Finance and Accounting show that PRIDE paid wages at or above the federal minimum to more than two dozen inmates assigned to the Century Sign contract.

Additionally, NCIA found PRIDE's metal fabrication industry to be in compliance with PIECP requirements during 2004.

**Conclusion:** Allegation #3 is unfounded.

**Allegation #4:**

The complaint alleges that the tag plant at UCI "manufactured, sold and shipped several thousand auto tags to the country of Liberia in 2004 and filled another order from Malta for thousands more," without paying PIE wages to the inmate workers. The complaint further alleges "the tags were shipped to a local business in Florida who delivered them to the government of Liberia. It was done in this manner so PRIDE could maintain the position that as long as they sell to businesses within the state they are not required to pay PIE program wages to inmate workers."

**Discussion:**

NCIA's assessment determined that PRIDE wages for PIECP industries at Union CI were in compliance with PIECP guidelines during 2004. It does not specifically list tag production as a covered industry, although part of the metal fabrication operations were PIECP-certified at that time.

Mr. Connett wrote in response to our inquiry, "No PIE work was performed at the PRIDE Tag Plant for the dates you requested" (January 2002 through December 2005)

**Conclusion:** The evidence fails to support Allegation #4.

*This review was conducted by Bob Macmaster, Management Review Specialist. Please address inquiries regarding this report to Donald L. Miller, Chief Internal Auditor, at (850) 410-4166.*