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Bill -

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the LEAA certification transfer.

John
1/2/74

"LEAA"



PHOENIX INDUSTRIES

"Training young adults today for a better tomorrow"

P. O. BOX 1524

720 PARK AVENUE

PEORIA, IL 61655

(309) 672-6044

OFFICERS

Saul Bork, President
Gilbert Lloyd, Vice President
Robert Day, Jr., Secretary
David Bailey, Treasurer
Robert Horan, Assistant Treasurer

April 28, 1982

Richard Ullman
White House Staff
The White House
1600 Pennsylvania Avenue
Washington, DC

BOARD MEMBERS

Virgil S. Boucher
John Cheeks
Capt. William Helm
John A. Holtzman
Michael Mihm
Homer Poston
Norm Ricca
Robert Streibich
Ralph Ugron
John Wahlbeck

Dear Mr. Ullman:

Your interest in community oriented work training programs for ex-offenders was recently brought to our attention.

Phoenix Industries is just such a program.

Phoenix Industries, a Peoria, Illinois based not-for-profit corporation, has been in operation for seven (7) years. It has successfully developed a youthful offender (18-25 years old) work-training and job placement program incorporating private sector involvement and volunteers and has achieved a decreasing level of dependency on public support dollars.

We have been asked to establish Phoenix programs in other major cities and we are actively pursuing such expansion.

House Republican Leader Representative Bob Michel believes it is a model for the nation.

The enclosed materials will tell you more about Phoenix Industries.

I would enjoy the opportunity to meet with you and share with you in detail how the program works and how it demonstrates the administration's philosophy of private sector involvement in employment and job training.

ADVISORY COUNCIL

Martin Abegg
Allen H. Andrews
John Henry Altorfer
F. M. Bourland
Lewis Burger
David Connor
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Lou Hesse
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Joe Billy McDade
Dr. Anthony Perino
Bishop Edward O'Rourke
Grant St. Julian
Del Schneider
George P. Shadid
Rep. Fred Tuerk



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I look forward to meeting with you and becoming acquainted.

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Robert Streibich
Ralph Ugron
John Wahlbeck

Sincerely,

PHOENIX INDUSTRIES

Julia L. Sommer
Executive Director

JLS:yb

Enclosures

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COMBINED YEAR-END ISSUE

U.S. NEWS & WORLD REPORT

DECEMBER 25, 1978 / JANUARY 1, 1979 \$1.25

Saving Delinquents—And Taxes, Too

Ex-offenders in an unusual project show they can "make it" as productive citizens.

PEORIA, IL.

An agency for the rehabilitation of youthful criminals is breaking all the rules of bureaucracy: It is succeeding at its goal and at the same time is beginning to pay its own way.

The organization that has accomplished all this in a relatively short time is Phoenix Products & Services, a non-profit corporation that is chartered by the state. The quasi-public agency gets contracts from private business for such jobs as tearing apart old engines, rust removal and rebuilding wooden pallets, and entrusts the jobs to offenders between the ages of 17 and 24 who have been convicted of crimes such as burglary and drug violations.

Begun in 1975, the program accepts only those on probation who volunteer. Discipline is tough, but after about three months, those who learn how to hold down a job are helped to find employment.

Favorable response. Businesses find that they make money contracting with Phoenix. At the same time, the program saves tax funds.

Julia Sommer, executive director, points out: "It costs the taxpayer a minimum of \$15,000 to incarcerate one offender for one year in the state of Illinois. This doesn't take into account the loss of tax dollars when a person doesn't work or the cost of taking care of dependents."

Sommer notes that half of the youths on probation in the county cannot find jobs and, as a result, often revert to the activities that got them in trouble, land in jail or become welfare clients.

On the other hand, she contends that youths who have gone through Phoenix since its beginning have earned 1.4 million dollars in wages, on which an estimated \$280,000 in taxes have been paid.

Founders of the program, who have a strong streak of antigovernment sentiment, are most proud of the fact that Phoenix relies less on public funds while increasing its shop operation and boosting the number of participants it can handle from eight to 24 at any given time.

"Reprinted from 'U.S. News & World Report'"

The first-year budget was \$83,000, of which 98 percent came from tax funds. The current budget is more than \$400,000, and nearly three fourths of that is income from the shop.

By 1980, Phoenix hopes to be able to kick the tax habit totally.

"Not a handout." Workers in the program are paid less than factory hands, under \$3 an hour. None of the work turned over to the volunteers is technical. It is often dirty and difficult—jobs that private workers don't like. But that keeps Phoenix increasingly busy.

Sommer makes no apologies for the type of work the probationers do, noting their income is "not a handout."

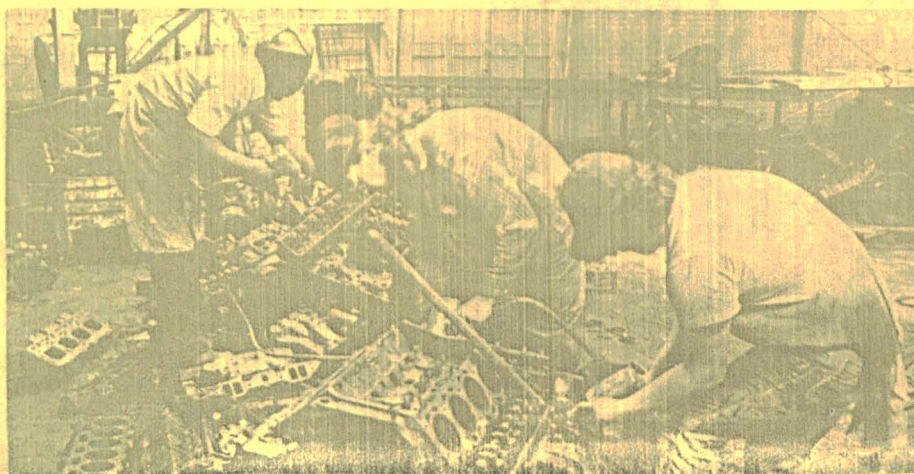
"We don't look at Phoenix as a social-welfare agency, and we don't run it like one," she admits. "You won't hear us using a lot of terms used by welfare workers—psychological jargon and welfarisms. But then that's why we've been able to talk to business and have them listen."

"But we don't forget the kids. We let them know that we'll go to bat for them to get them a good-paying job— if they can show us they can come to work every day on time and give us a day's work. Only then do we feel we can recommend them."

Phoenix is able to place about 70 percent of its young participants.

A recent volunteer who made it through Phoenix is John Loser, 20, now working in a Caterpillar Tractor Company factory and earning more than \$8 an hour.

After his first month with Caterpillar, Loser sent a cake to the program's staff iced with all their names. It said simply: "Phoenix Products—it works because of you."





By Congressman Bob Michel
18th District of Illinois

Phoenix Industries Rebirth Of Private Initiative

Egyptian legend held that every 500 years, the Phoenix bird would burn itself and arise from its ashes. This ancient tale of renewed life was the inspiration for Phoenix Industries, a Peoria-based program designed to give youthful offenders a second chance in life through job training.

Phoenix Industries began seven years ago as a result of the dedication and hard work of juvenile court Judge John Holtzman and Julia Sommer, a volunteer who now serves as executive director.

They recognized that most of the youths who come through the judicial system are repeat offenders suffering from an inadequate education, a lack of job training and the discipline and opportunity needed to get either.

As a result, Judge Holtzman and Ms. Sommer founded Phoenix Industries to teach the skills and discipline necessary for young men and women in trouble to find and hold down a job.

The Phoenix program began with just six participants. There are over 40 youths in training at Phoenix at any given time now. Most commonly they are referred to Phoenix from the criminal justice system or other community based agencies. Some participants are walk-ins.

Each applicant is carefully screened and reviewed for eligibility. If accepted into the program, they are given on-the-job training and paid for their work.

During the training, which lasts an average of six months, the trainee learns at least eight basic skills that will qualify him for an entry-level industry job.

But job skills are not all that is taught. A crucial element of the program is development of the work ethic. If a trainee does not master promptness, quality work and co-worker cooperation, he will not last at Phoenix Industries.

Phoenix Industries can be very proud of its placement of its graduates. Over 60 percent of those who successfully complete the program find gainful employment.

This outstanding record benefits more than just the trainees. In Illinois, it costs over \$15,000 to incarcerate a person for a year. The average per person expenditure for the CETA program is \$22,000. The program at Phoenix costs \$4,000 per enrollee, which would be a substantial savings for taxpayers, if taxpayers were picking up the entire tab. They aren't. In addition, the wages earned on the program are taxed, making the participants taxpayers — not tax users.

Phoenix Industries is a business, not a governmental agency. It submits bids to private industries in the Peoria area for subcontracting jobs. Since these jobs are non-technical, Phoenix Industries often completes work that private industry can't or won't. These jobs include sandblasting, painting, packaging and derusting. Through their work, Phoenix Industries is able to supplement the majority of their operating costs and provide a service to industry as well.

In its first year, Phoenix Industries had an operating budget of \$83,000, of which 98 percent was federal funds. But as the size of Phoenix grew, its dependency on federal money decreased. In Fiscal Year 1980, the total operating budget was \$656,000, 40 percent of which was federal money. Phoenix anticipates being financially self-sufficient in the near future. There is no better example of how the federal government can encourage private initiative and then withdraw from the scene.

Another important factor in the success of Phoenix Industries is the work done by volunteers. People from all walks of life, many of them retired, donate countless hours of their time to Phoenix Industries. Their knowledge and expertise is indispensable.

Phoenix Industries keeps the responsibility of job training in the hands of private industry, where it belongs. For many years, the federal government has attempted to solve employment problems totally through public job and training programs. Some have worked, more have not. When there is a choice, the government ought to look to the private sector and where something more is needed, the government ought to look to people like Judge Holtzman and Ms. Sommer. And only after there is no other recourse should the government step in.

Currently Peoria is the only location of Phoenix Industries. However, plans are under way to expand the program to several other locations across the country. Expansion must be slow and well planned in order to maintain the level of excellence established at the Peoria facility. I can't think of a single community that would not benefit from a program like Phoenix.

We need more programs like this one. It benefits everyone involved and keeps government involvement to a minimum. Programs like Phoenix can help produce productive citizens, they can benefit private industry and they can serve the best interests of the community. What more could one expect?



PHOENIX INDUSTRIES

Comprehensive Work and Training Program Inc.

JULIA L. SOMMER
EXECUTIVE DIRECTOR

720 PARK AVE.
P. O. 1524
PEORIA, ILLINOIS 61655
PHONE (309) 672-6044

**Subcontract
those tough,
"hard-to-handle"
jobs with us . . .**

**We'll save you money.
We'll save taxes.
We'll rebuild youth.**



**PHOENIX
INDUSTRIES**

Comprehensive Work & Training Program, Inc.

THE LEGEND



Symbolic of renewed life, the Phoenix was a spectacular bird of Egyptian legend. Every 500 years, the Phoenix would burn itself and arise renewed from its ashes. The Phoenix was the only one of its kind — unique.

Another legend of sorts that bears the same name is growing right here in the heart of Illinois. Like that great bird that rose renewed from its ashes, Phoenix Industries offers youthful offenders (18-25 years of age) the opportunity to rise from past offenses and renew their lives.

Phoenix Industries is a Peoria based, not-for-profit corporation, designed to rehabilitate those youthful offenders who are unemployed but want a job. We do this through work experience, job training, and job placement.

And Phoenix Industries is unique!

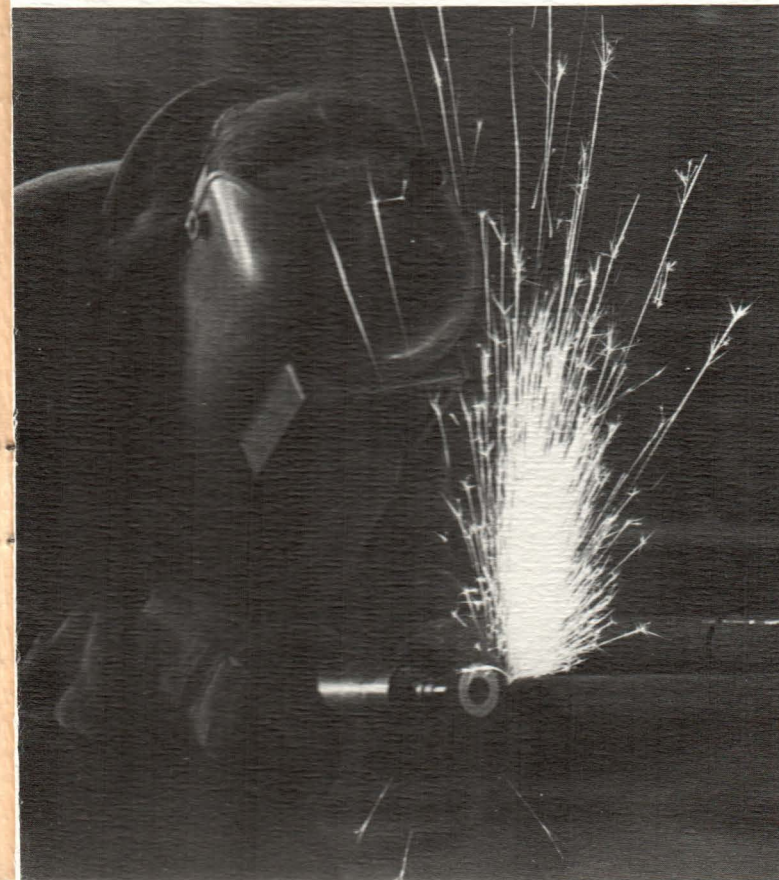
The analogy may sound a little dramatic. But in comparison to the billion dollar correction system (supported by U.S. taxpayers) that does not work, a program like Phoenix is something to take notice of because it works.

Along with the figurative comparison of Phoenix to the legendary bird, there is another more literal comparison. Phoenix Industries is presently in its fourth location. The city bought out the property of the first, a landlord cut the lease of the second, and the roof collapsed from heavy snow on the third. In January, 1981, fate struck again. Fire destroyed the offices at the fourth location, causing a temporary setback but not halting production. Each time, Phoenix rose, rebuilt and grew.

Besides four locations, we've come a long way since the "birth" of our organization in 1975. The basic concept of Phoenix was conceived by Judge John Holtzman who observed that many youths became repeat offenders. Probation officers could help the youths find employment, but the youths couldn't hold the jobs due to poor work habits.

The program was designed not so much to develop skill training but to develop attitudes — good work habits. Habits have to be learned. These youths were not taught at home the habits necessary to hold a job.

At Phoenix, youths learn to work hard. They learn the value of work. They are given the opportunity to build a work history, to prove that they can come to work on time, put in an honest day's work and get along with co-workers.



Phoenix saves money

We offer a relatively inexpensive labor resource. Phoenix can handle subcontracts that other labor forces can't afford to do economically. We take on those hard-to-handle jobs that other subcontractors **don't want**.

A number of businesses have learned that Phoenix offers reliable facilities, supervision, labor force and equipment. All of our work is inspected, done carefully and professionally. And we meet production schedules and standards.

Let Phoenix help keep your costs down while still producing a high quality product.

Subcontracts

Phoenix has many customers for whom rigid quality and production standards must be met. These customers include large and small companies, with some representing the who's who of industry with multinational manufacturing facilities.

While Phoenix has several long-term contracts, we also do many O.T.O. (One Time Only) jobs or jobs that are performed on a random-demand basis. This flexibility, we have found, is valued by many customers using our services.

Because Phoenix operates a young adult training program with a Production Supervisor for each 10 workers, we are able to produce high quality, high volume products, at a very competitive price.



Phoenix can take care of those hard-to-handle, labor intensive jobs . . . the ones that are not easy to fit into normal production and work force processes. Besides learning the disciplines necessary for holding a job, participants gain practical experience in using a variety of tools and equipment common to industry.

Capabilities

Our capabilities have expanded with the addition of new equipment and tooling. We have the potential to continue to expand and acquire equipment and tooling necessary to handle new subcontracts we take on in the future. Here are some of the jobs we are equipped to handle now.

- Painting
- Metal treating
- Metal parts fabrication
- Deburring
- Derusting
- Protective coat removal or application
- Wood parts manufacturing
- Parts assembly
- Parts inspection and modification
- Packaging
- Sandblasting
- Pallet reconditioning

We are the largest re-builder of wood pallets in downstate Illinois. We carry most sizes in stock, ready to meet your needs.

Should a customer have special manufacturing, assembly or other needs, Phoenix is prepared to equip and train a work crew to meet those needs.

Phoenix saves taxes

Keeping youths in jail is expensive to taxpayers. It costs the taxpayer a minimum of \$15,000 to incarcerate one offender for one year in the State of Illinois. This does not take into account the loss of tax dollars due to unemployment of the offender, nor the financial aid to support families of the inmates. By rehabilitating these youths, we are keeping them out of jail, thus saving tax dollars. By training these youths, **Phoenix creates tax payers . . . not tax users.**



Phoenix . . . a productive option

In recent years, we have experienced a dramatic increase in crime rates all over the United States. Over 60 percent of all crimes are committed by youths.

In our area, over one third of the adult probation caseload consists of youths. Less than 50 percent of this population is employed and only 25 percent have completed high school. A disproportionate number come from low income, low status, singly-headed households.

Many are simply unable to compete successfully in the labor market. They have no marketable job skills, no stable employment history and little to no appreciation for the work ethic.

As a result, they return to the same activities that led them to their involvement with the law, or they become recipients of welfare or clients of other public support agencies. **We cannot afford to support revolving door criminals or perpetuate welfare.**

Phoenix gives these youths the opportunity to get out of crime and off of welfare. By building an employment record with Phoenix, these youths have a chance of entering and successfully competing in the work market.

Phoenix teaches discipline

Our participants earn their income. There are no hand-outs. Youths are involved in a productive business operation and are paid a reasonable salary for their work.

Phoenix participants learn the pride of earning a paycheck. They develop good work habits. They become productive members of society. This builds self-discipline, self-esteem, and self-worth.



Phoenix produces high quality, high volume products at a very competitive price. Youths are involved in a productive business operation and earn their income.

Peoria Congressman Bob Michel, Republican Leader of the House of Representatives, supports the philosophy of Phoenix Industries . . . creating taxpayers, not taxusers.

The Phoenix Philosophy

We believe that self-discipline leads to self-esteem, which in turn can lead to a full productive life. Our program participants are exposed to the discipline of the good old-fashioned work ethic.

They are offered real production jobs in an atmosphere that is a mirror-image of industry. Work begins promptly. Production schedules are met. Products are inspected for quality assurance. Constructive criticism is offered.

Besides learning the disciplines necessary for holding a job — getting to work on time, putting in a full day's work, and getting along with co-workers — the participant gains practical experience in using a variety of tools and equipment common to industry.

The most remarkable aspect of the program is that it works! It's not one of those programs that looks good on paper but fails to produce any measurable success. Our success has been evidenced over the years by the placement of a high percentage of participants hired into the working world.

How the program works

Youths come to Phoenix principally through referrals from the criminal justice system and other community-based agencies. Some of our applicants are walk-ins.

Each applicant is carefully screened to determine eligibility. If accepted into the program, the youth is put to work, trained on-the-job and paid.

Once every two weeks, each trainee is evaluated by the supervisory staff. The appraisals are discussed with the trainees so that they understand their strong points and learn what areas need improvement.

The average stay at Phoenix is 6 months. The supervisory staff determines when the trainee is job ready, based on the trainee's record of employment at Phoenix. The staff then works to place the trainee in a suitable job in the working world.

Once a trainee is placed in a job, regular follow-up for a 180-day period is maintained by the Phoenix staff.

Besides the scheduled follow-up, employers are encouraged to call us with questions or problems that may arise.

We also encourage an employer to terminate employment of our program participant if the youth's performance is unsatisfactory. However, our placement success record with trainees has been particularly high (65%) for a rehabilitative program such as ours.

Phoenix is able to turn out not only high quality products, but also reliable and productive workers, who are a valuable asset to any employer.

By hiring a Phoenix youth, you are assured of gaining a good, experienced worker.

Why the program works so well

There are many reasons why Phoenix has grown and why our program is working so well.

Industry has given us a big "helping hand" in getting set up in business, through loaned and donated tools and equipment, professional and technical advice and subcontracts.

Our officers, board members, advisory council and staff have put in many long hours and offered invaluable suggestions, advice and ideas.

But most of all, our success to date can be attributed to the tremendous involvement and assistance of volunteers from all walks of life throughout the community. Without their help, we could not have grown to where we are today.

There is a proven need for our program and we want to continue to grow. We are moving closer and closer to our goal of being self-sufficient.

We can help you by subcontracting your tough, "hard-to-handle" jobs at an economical cost to you.

You can help us grow by hiring us to subcontract for your company or organization. You can help us grow by hiring one of our program participants.



Through training, our participants learn the pride of earning a paycheck, and of becoming productive members of society.

Without Phoenix, what alternatives do these youths have? And, as taxpayers, can we afford those alternatives?



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INDUSTRIES**

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P.O. BOX 1524
720 PARK AVENUE
PEORIA, ILLINOIS 61655
TELEPHONE (309) 672-6044

An Equal Opportunity Employer

7.30.82

Bill -

I have sent a memo
to Rose on this. Discuss
before I go.

for Rose

July 30, 1982

Mr. Michael Uhlman
Special Assistant to the President
for Policy Development
228 Old Executive Office Building
Washington, D.C. 20500

Dear Mike:

Attached is the Briefing Paper on the proposed draft legislation to extend the private industry-prison joint venture certification program inaugurated by the so-called Percy amendment to the LEAA Re-authorization Act of 1979.

Our discussions with various Senatorial staff people leave us with the impression that S.B. 2411 may not get out of committee because of quorum problems. We may therefore need to find an alternative bill if time permits.

Sincerely,



Barbara Auerbach

BA:jg

Attachment

Proposed Legislation on Prison/Private Industry Joint Ventures

P.L. 96-157, Sec. 827 introduced by Senator Percy in 1979, provides for the establishment of up to seven model industrial development projects to be undertaken jointly by prison and private industry. The LEAA was authorized to designate or certify the projects. Certification removes federal legislative restriction on the movement of prison-made goods in interstate commerce. (18 U.S.C. 1761) and the prohibition against the purchase of prison-made products by the federal government (41 U.S.C. 35). Certification is dependent upon the projects meeting certain criteria made explicit in the legislation:

- o Wages must be paid at a rate not less than that paid for work of a similar nature in the locality in which the work is performed;
- o Deductions, which cannot in the aggregate exceed 80% of gross wages, may be taken for taxes, room and board, family support, and victim restitution, and only for these purposes;
- o Prisoner workers cannot solely by their status as offenders be deprived of benefits made available to other individuals in the workplace;
- o Participating prisoners must do so voluntarily;
- o Local union central bodies must be consulted prior to the initiation of any such project; and
- o Such paid employment must not result in the displacement of employed workers or impair existing contracts for services

The purpose of Senator Percy's legislation was to provide an opportunity for the private sector to join with States in revitalizing long-neglected prison industrial facilities; it was recognized that such a program could generate benefits for the state, the private sector, and for the prisoners themselves.

As the number of persons incarcerated in the U.S. approaches 400,000 increases in the certainty and severity of prison sentences for convicted offenders have put a severe strain on the nation's prison systems. Correctional facilities in many states suffer from severe overcrowding, and lack any meaningful form of activity for those incarcerated. Such facilities have become enormously expensive to operate, with costs ranging from \$10,000 to \$20,000 per inmate per year, and serve no useful purpose save the sequestration of those convicted. Even this purpose is but temporarily fulfilled, given that over 95% of those individuals incarcerated are eventually returned to society.

Restrictions on the employment of inmates arose out of the abuses of the contract system which marked the early history of prisons in this country. Both private employers and the state governments exploited inmate labor and created unfair competition with the private sector.

The Percy amendment sought to reintroduce private industry into the prison but with the safeguards which would prevent the abuses which has brought about the restrictive legislation.

More than 20 States responded to the LEAA's call for applications, several of which changed their own laws to meet P.L. 96-157, Sec. 827 requirements. As of July, 1982, three States -- Kansas, Minnesota, and Utah -- have been certified. Nevada, Arizona, Indiana, Iowa, Nebraska, Kentucky and Mississippi have submitted applications which are currently being evaluated. Final selections will be made by September 30, 1982.

In Kansas a private entrepreneur established a metal-working shop in Lansing, Kansas, about five miles from the prison. About 30 men and women are bused to work each day. In Minnesota Control Data has contracted with Minnesota correctional industries for the assembly of peripheral equipment on computer main frames,

employing 50 inmates in Stillwater Prison. The Utah project is a graphic arts center which will provide signs and printing for private and public agency customers. In Kansas alone, more than \$100,000 in room and board fees has been returned to the State general fund; thousands more in family support and taxes has been generated.

The concept has developed momentum in several quarters: governors, state legislators, private sector firms, and Chief Justice Burger have expressed strong interest and support. Such projects stand as tangible examples of the kind of effective private sector initiative in the public sector the Administration has encouraged. Current economic conditions have caused several companies who are interested in participating to defer any action until their sales and production increase.

However, due to the dismantling of the LEAA, as of September 30, 1982 the authority of certify new projects will cease to exist. Momentum developed to date will be lost, and States attempting to participate will be unable to do so.

Therefore, the attached draft language has been developed in order to prevent the eclipse of the program in its infancy. The proposed language gives the Department of Justice on-going responsibility for assuring that existing projects continue to meet the criteria set forth in P.L. 96,157, Sec. 827, by whatever mechanism they choose to establish, and allows for certification of subsequent projects which meet those criteria. State legislation allowing for private sector involvement in prison industries must be in place before certification can be granted, and project staff estimate that approximately 20 States have enacted such statutes to date. In the foreseeable future therefore, although new projects will undoubtedly develop faster than they have to date, there is no reason to believe there will be the kind of growth which would seriously impact the private

sector. Instead, this movement is more likely to be seen as a net contribution to the national economy.

As essentially interim legislation, this proposal has the twin advantages of involving no appropriation of funds nor the creation of additional federal bureaucracy.

This would permit the Administration and Congress to maintain a desirable and cost-free program in the correctional field while more sophisticated and perhaps far-reaching private sector involvements can be developed in the future.

Authority granted to the Administrator of the Law Enforcement Assistance Administration under Section 827, Public Law 96-157 is hereby transferred to the Attorney-General of the United States and may be extended to additional projects meeting these same criteria.

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

August 2, 1982

*file
LEAA*

FOR: JONATHAN C. ROSE ✓
FROM: MICHAEL M. UHLMAN
SUBJECT: Transfer of P.L 96-157 Authority from LEAA to Attorney General

The enclosed memo is, I think, self-explanatory. If, as I gather, S.2411 is not going to get out of Committee, is there not some other convenient vehicle to which the amendment could be attached? I will be away for the next week or so, but I am asking Bill Barr to follow up.

cc: Bill Barr

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The purpose of Senator Percy's legislation was to provide an opportunity for the private sector to join with States in revitalizing long-neglected prison industrial facilities; it was recognized that such a program could generate benefits for the state, the private sector, and for the prisoners themselves.

As the number of persons incarcerated in the U.S. approaches 400,000 increases in the certainty and severity of prison sentences for convicted offenders have put a severe strain on the nation's prison systems. Correctional facilities in many states suffer from severe overcrowding, and lack any meaningful form of activity for those incarcerated. Such facilities have become enormously expensive to operate, with costs ranging from \$10,000 to \$20,000 per inmate per year, and serve no useful purpose save the sequestration of those convicted. Even this purpose is but temporarily fulfilled, given that over 95% of those individuals incarcerated are eventually returned to society.

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The concept has developed momentum in several quarters: governors, state legislators, private sector firms, and Chief Justice Burger have expressed strong interest and support. Such projects stand as tangible examples of the kind of effective private sector initiative in the public sector the Administration has encouraged. Current economic conditions have caused several companies who are interested in participating to defer any action until their sales and production increase.

However, due to the dismantling of the LEAA, as of September 30, 1982 the authority of certify new projects will cease to exist. Momentum developed to date will be lost, and States attempting to participate will be unable to do so.

Therefore, the attached draft language has been developed in order to prevent the eclipse of the program in its infancy. The proposed language gives the Department of Justice on-going responsibility for assuring that existing projects continue to meet the criteria set forth in P.L. 96,157, Sec. 827, by whatever mechanism they choose to establish, and allows for certification of subsequent projects which meet those criteria. State legislation allowing for private sector involvement in prison industries must be in place before certification can be granted, and project staff estimate that approximately 20 States have enacted such statutes to date. In the foreseeable future therefore, although new projects will undoubtedly develop faster than they have to date, there is no reason to believe there will be the kind of growth which would seriously impact the private

sector. Instead, this movement is more likely to be seen as a net contribution to the national economy.

As essentially interim legislation, this proposal has the twin advantages of involving no appropriation of funds nor the creation of additional federal bureaucracy.

This would permit the Administration and Congress to maintain a desirable and cost-free program in the correctional field while more sophisticated and perhaps far-reaching private sector involvements can be developed in the future.

Authority granted to the Administrator of the Law Enforcement Assistance Administration under Section 827, Public Law 96-157 is hereby transferred to the Attorney-General of the United States and may be extended to additional projects meeting these same criteria.