

Prison Industries and Farms

Mission

To establish and operate a business that employs offenders in meaningful occupations in self-sustaining enterprises in a manner that maintains a commitment to excellence.

Summary of Activities

PEN Products operates twelve manufacturing locations and two farm operations in twelve **Department of Correction** (DOC) facilities located across the state. PEN Products operating expenses are funded by a revolving fund (PEN Product revenues), with no operating money coming from the state general fund. The inmates employed in these operations work in meaningful positions, learning job skills and a work ethic. Offender employment reduces inmate idleness in DOC facilities. PEN Products employs 234 staff to manage these operations. PEN Products is broken down into four areas: traditional industries, a food group, private sector/joint ventures, and a central office.



Beef Cattle are raised at both the Indiana State Prison Farm and the Pendleton Correctional Facility Farm

Traditional industries is the largest area, with 948 inmates employed. These industries produce license plates, metal furniture, offender clothing, janitorial products, office furniture, mattresses, printing, corrugated boxes, highway signs, park furniture, picnic tables and shelter houses. These products are sold to various state agencies, cities and counties. Traditional industries represent 60.5% of PEN Products' revenue. The business in the traditional industries is generally stable.

The food group is the second largest area with 297 inmates employed. The food group area is organized in three sections: 1) Farming operations, which produce grain, vegetables, beef cattle, and timber, 2) Food processing, which produces baked goods, cottage cheese, frozen beef, pork, poultry products, frozen fruits and vegetables, milk, and flavored drinks, and 3) A food service operation. These products are sold primarily to DOC, city, and county jails. The food group represents 36.8% of PEN Products revenue. The business in the food group is growing and is expected to continue to grow in the future.

Private sector/joint ventures, with 353 inmates employed, include commercial laundry, pallet repair, coil assembly, electronic component assembly, data conversion-Geographic Information Systems (GIS), sewing, hickory furniture, re-manufactured automotive parts and duck decoys. These products are sold to the private sector, either through the federal prison industry's enhancement program, or as services. Private sector/joint ventures represent only 2.7% of PEN Products revenue. However, this area is the fastest growing, with many newly-started joint ventures employing a large number of inmates. The PEN Products central office provides support services such as sales, marketing, operations, engineering, warehousing, delivery, data processing, and accounting. It also provides the overall management and strategic planning.

External Factors

There are three primary external factors affecting PEN Products: inmate population growth, state use law changes, and other state agency policy changes. The most significant is the growth of the inmate population. From 1996 to 1999, the inmate population grew 6% per year. PEN must continually find either new industries or grow current industries to provide additional inmate jobs.

Changes in the procurement use law have an impact on PEN Products. For example, the last change required products to be sold at a fair market price. In response, PEN Products reviewed the pricing structure of products sold, as well as the product lines themselves, to ensure that products are being sold at a fair market price, and that the product production is financially self-sustaining. This caused the elimination of some product lines. While in the short term this had a negative impact on offender employment, in the long term it helped focus PEN inmate employment in more meaningful occupations.



Changes in agency policies through legislation impact PEN Products. A good example can be seen in license plate production. Ten years ago, plates were replaced every year. This changed to a three-year cycle, then five. This impacted inmate employment significantly in non-plate production years. A change of this kind also impacts PEN Products' ability to maintain self-sufficiency.

Evaluation and Accomplishments

The continued growth in inmate population requires a corresponding increase in the availability of inmate jobs. During 1999-2000, 134 inmate jobs were added, a 9.2% increase that exceeded the overall growth rate of the inmate population. The number of joint ventures with the private sector increased, as did the food group through increased vertical integration and additional products. New offender operating procedures were implemented that place real, business-world expectations on offender workers to be productive, meet job quality and timeliness standards, and incur consequences for absenteeism. These standards have been implemented at three of the major institutions. PEN continues to fund current operations from revenues raised through the sales of products, without an appropriation from the state general fund.

Plans for the Biennium

PEN Products has three primary objectives for the biennium: 1) Institute the new offender operating procedures in the remaining four major institutions; 2) Increase employment by 9% in each year of the biennium by continuing vertical integration in PEN's food group, growth in joint ventures with the private sector, and the introduction of new products in PEN's traditional industries; 3) Continue to fund PEN's operations, including growth, without a general fund appropriation.

