Private industry, prisons team up

By Joe Stumpe

Kansas inmates work inside prisons for private companies – earning their keep and learning skills for the outside

Hutchinson, Kan. — Louie Gutierrez has lived in this medium-sized south-central Kansas city for nine years, but he still calls his girlfriend for directions. That’s because for most of that time, he was incarcerated in the maximum-security Hutchinson Correctional Facility here.
Guiding his dusty SUV by the prison, he tells an interviewer how he was sentenced to life in prison at the age of 16 for the murder of a friend — a crime he says he deeply regrets. He served 25 and a half years behind bars.

Today, Gutierrez, 42, works full time airbrushing cars an hour down the road in Wichita. He’s also training to become a certified tattoo artist, with the goal of opening his own business.

He hopes to be married in the next year and is in frequent contact with the daughter he helped put through pharmacy school in Kansas City. He keeps a couple of fishing poles in the back of his SUV, stopping to drop a line in the water whenever possible.

Gutierrez says he is lucky. “They didn’t have to let me out — ever. A lot of the guys I was in with will never get out,” he says.

While that may be true for the inmates Gutierrez knew, nationally at least 95% of all state prisoners will eventually be released back to their communities, according to the Council of State Governments Justice Center.

Gutierrez, who was paroled in July, says his transformation likely would not have happened without a program that allows inmates in the Kansas Department of Corrections to be employed by private industries on prison grounds.

Working for a private industry definitely can help inmates — including those serving life terms — be released on parole, says Josh Pearce, human resources manager for Seat King, a Kansas manufacturer that participates in the program.

The parole board considers such factors as a prisoner’s disciplinary record, vocational training and financial resources. “How much money you have in your pocket can be a factor in how likely you are to come back,” Pearce says.

**Program isn’t widespread**

The private industry program is unusual in the United States. It is not a work-release program, in which inmates are employed by private companies outside prison walls. In work-release, participants are typically on parole and living in closely supervised community-based housing.

Instead, in Kansas, more than 500 inmates work for private companies with facilities located on prison grounds. At the end of the workday, the inmates return to their cells.

The program was a life-changer for Gutierrez. Working for Seat King, which makes seats for riding lawnmowers and tractors, he earned about $11 an hour as a welder. That allowed him to send money to family members on the outside and save some for himself.

But the program did much more than put money in his prison account, Gutierrez says. “All I knew was just gang life,” he says. The program “changed my whole perception of things. I saw that if I set myself to something, I could achieve it. It built confidence in me.”

Kansas is one of only a few states that operate such a program, although the concept is receiving attention as figures across the political spectrum call for reforms in the judicial and corrections systems.

In June, Seat King CEO Peter Ochs testified about the program before a U.S. Senate committee chaired by Sen. Ron Johnson (R-Wis.). In early November, Kentucky Gov. Matt Bevin, a Republican, visited to learn about the program.

“It’s such a powerful thing that it needs to be rolled out across the country,” says Ochs, who was present for that tour in November.

In Wisconsin, according to the Department of Corrections website, about 600 inmates work in the state-run Badger State Industries in 11 facilities, along with four farming operations and a dairy, earning what the site calls “a small income.” The Badger State enterprises “have been designed to limit direct competition with private sector businesses,” the site says.

Wisconsin statute governs the DOC’s ability to employ prisoners and to establish industries for the employment of inmates, and allows the DOC to lease space within state prisons to not more than two private businesses after ap-
proval from the Joint Finance Committee. Authorization of more than two private businesses to do that would require a change in state law. In Wisconsin, there are no inmates employed by private companies on prison grounds.

In June, Johnson lauded the Kansas program as “creative and effective,” praise that he reiterated in a November email. “One of the most harmful things we can do is denigrate jobs in manufacturing and the trades as second-class,” he says. “They are not. All work has value and offers the dignity of earning one’s success. When people are looking to turn their lives around, we should utilize our creativity to connect them with opportunity,” especially when employers have a hard time finding people to fill jobs at competitive wages, he continues. Kansas’ program, he says, is “a model that other states should consider.”

In Wisconsin, inmates can earn up to $1.60 per hour working on DOC correctional facility grounds. Inmates on work release, of which there are currently 738, earn a market wage, and inmates working for a private business on prison grounds would also earn a market wage, the Wisconsin DOC says.

Program’s origins in Kansas

The Kansas program dates back to 1938, when Kansas Correctional Industries was established. According to a recent report, 798 Kansas inmates work for private companies, 527 of them in 11 facilities on prison grounds. Another 271 minimum-security inmates work in businesses located near prisons.

Additionally, 326 work in “industries” such as a woodworking shop and garment factory run by the Kansas DOC. Altogether, the numbers represent 12 percent of the prison population. Seat King and its sister company, Electrex, which makes electrical harnesses for mowers and tractors, employ about 150 inmates, among the top employers of the participating companies.

The program is designed to provide vocational training as well as “soft skills” such as being on time and following directions. Kansas officials say the program is self-supporting. In fact, it generates income.

Since 2011, the program has generated about $1.5 million a year, chiefly through the room-and-board charge the state assesses inmates who are able to pay. It amounts to 25 percent of their salaries.

Kansas prison officials say the program has many other benefits, from reducing inmate idleness and recidivism to helping inmates pay child support, crime-victim reparations
and court-ordered restitutions. Inmates pay income tax on their earnings and sales tax on commissary items.

For the inmates, there is a big difference between working for private companies and working for the DOC-run industries.

Inmates make anywhere from 25 cents an hour to $3 an hour working for traditional prison industries, producing items such as clothing and furniture for use by government agencies, according to the Kansas DOC. They make 45 cents to $1.05 per day in “facility” jobs such as working in the prison laundry. The inmates who work for Seat King make $8 to $15 an hour.

Telephone calls from prison — much in demand by inmates — cost them 17 cents a minute. Some Seat King inmate-employees talk on the phone a half-hour nightly, helping their children with homework, Ochs says. “They have better family relationships.”

**Opposition or lack of interest**

So why, given its apparent success, isn’t a program like the Kansas DOC’s private industry program in operation in more states? Ochs offers a couple of theories.

One is that opposition exists from people who believe employing inmates may take away jobs from law-abiding citizens or who object to inmates being paid at all. In Wisconsin, where many employers report worker shortages, this could be less of a concern.

The other theory is that private companies may lack knowledge of the program or interest in it. Ochs concedes that employing inmates “is a little messier than just straight-up hiring civilians,” mainly because of the security procedures required. While there is little more chance of inmates escaping from prison workplaces, private employers must follow strict protocols to prevent contraband being smuggled in or tools being stolen.

Ochs believes working with the Kansas DOC is worth it, primarily because he sees it as part of his duty to his fellow man. He is also president of Capital III, based in Valley Center, Kan., just outside Wichita. He describes it
as a “social impact investment company” run on Christian principles.
Ochs started Electrex in 1994. In 2005, he began using some work-release inmates from the Kansas DOC. Shortly thereafter, then-warden Sam Cline asked Ochs to consider hiring more inmates, and the decision was made to move a portion of Electrex’s operations inside the medium-security part of the prison. Ochs started Seat King in 2010, locating all of its manufacturing facilities inside the maximum-security section of the prison.
Ochs initially was motivated by profit — “I was greedy” — but within a few months realized the program could dramatically improve the lives of inmates and their families, he says.

Inmates create capital
Working for Seat King and Electrex allows inmates to create three types of capital, Ochs says.
The first is economic: money. The second is social, which he describes as “all the things money can’t buy: family, friends, learning how to live in society.” The third is spiritual: “the moral code by which you live.”
“I love seeing these guys change, because they really change,” he says.
Ochs says the inmates typically need lots of training, and not just in skills such as welding and sewing. “Most of them have never worked in their life,” he says.

Many inmates have mental and behavioral problems. Yet the incentive for inmates to work for private companies is so great that they are well-behaved, Ochs says. There’s been “a fistfight or two but no major criminal activity,” he says. The state provides guards for the workplaces.
The program also helps reduce inmate discipline problems away from the job, because inmates can’t participate for four months after a disciplinary action.
The jobs are highly sought by inmates, Ochs says, mostly because of the salary but also because they give inmates a break from their cells, a chance to do something productive and even a sense of “freedom.”
The company offers inmates classes on personal skills such as fathering, finances and interpersonal relationships, all in the hope of making the inmates “better people,” Ochs says. That helps down the road with re-entry into society.
“If you’re on the line and a guy needs help, we expect you to go help him. If your family needs money, we expect you to send it to them. If we need to meet a deadline, we expect you to work overtime.”

Seeing reduced recidivism
In Kansas, about 35 percent of inmates are rearrested within three years of release, a recidivism rate about half the national average. Wisconsin’s three-year recidivism rate is 31 percent for inmates released in 2011.

While no overall study has been done of the Kansas inmates in the private industry program, Ochs says 14 former inmates have gone to work for Seat King after being released. Two of them have been reincarcerated — a 14 percent recidivism rate.

He says inmates have created spiritual capital in several ways. Inmates often make contributions to charitable causes serving victims of the same type of crimes they committed. And when Seat King raised money to build a home for a needy family in Ecuador, inmates pitched in so much cash that three homes were built. Inmates also have donated to an $800,000 spiritual life center at the prison that Seat King is raising money to build; it is about half-finished.

This past summer, eight inmate-employees graduated from a three-year seminary program that Seat King established in the prison. Ochs says they have become a valuable, volunteer part of the prison’s mental health counseling staff, which has been reduced because of state budget cuts.

While the spiritual side of Seat King’s approach is important to Ochs, participating inmates are not required to profess any kind of belief, he says. The inmate work program could work on a purely secular basis and in fact does with other private companies in the program, he says.

More than just jobs
Like Ochs, Pearce says the inmate work program is about much more than providing incarcerated men with jobs.
He tells the story of an inmate who sent his mother money
for an air conditioner. "He looked at me, and he was crying. He said, ‘That was the first nice thing I’ve ever done for my mom in my life.’"

The model makes economic sense for private companies, too, primarily because it provides them with a reliable workforce that can be ramped up or down depending on demand for a product, Pearce says. Fluctuations in hiring and hours for inmate-employees aren’t as disruptive as they can be for civilian employees, who have house payments and other expenses.

For any state considering such a program, Pearce says, buy-in from prison officials is key.

Cline and current Hutchinson warden Dan Schnurr have been “fantastic” to work with, Pearce says. “If you didn’t have that, it would be difficult to succeed.”

Cline is now the warden at Kansas’ prison in Lansing, just north of Kansas City, which has 407 employees working for 10 private companies. “Private industry (employment) is probably one of the best rehabilitative efforts we have ever made,” he says. “The inmate feels he’s moving his life forward. They have hope.”

Under state law, Cline says, inmates are not allowed to displace civilian workers. Private companies participating in the program do so because they’ve had trouble attracting and maintaining a stable workforce.

The private industry program is limited to inmates with eight years or less on their sentences or three years or less until their parole eligibility dates in the case of indeterminate sentences, such as 20 years to life. Pearce and Ochs would like the see that pool of potential workers expanded.

“Lifers are some of our very best employees,” Ochs says, possibly because a job offers them incentive for good behavior and the only semblance of life outside prison they’ll ever experience again.

Gutierrez certainly felt that way, although he eventually earned parole. Once a high-ranking gang member, he had spent three long stretches in solitary confinement for violating prison rules, one lasting three years and eight months.

He still recalls the day that Ochs sat down with inmate-employees and told them that together they could make Hutchinson’s maximum-security unit “the best prison in the United States.”

“I looked at my friend and said, ‘This guy’s crazy,’ ” Gutierrez says. “Slowly, he started proving it to us.”

Twice, Ochs appeared on Gutierrez’s behalf at his parole hearing. The second time, Gutierrez got out, went to work and now is focused on his next step in a productive life.

“I want to model my business after Pete,” he says.

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