

# Strategic Assessment of Oregon Corrections Enterprises (OCE)

## Phase III:

## Conclusions and Recommendations for OCE's Medium and Long Term Strategy

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**February 11, 2013**

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# Executive Summary

Building on the first two phases of this engagement, this Phase III report offers a number of specific recommendations that we believe are essential – not just to enable Oregon Corrections Enterprises (OCE) to offer far more prison inmates meaningful work opportunities in the future, but to ensure OCE’s long term effectiveness and viability as a self-sustaining organization.

This report’s main recommendations fall into two categories relevant to OCE’s future: short and medium term recommendations within OCE’s current mission, and a longer-term recommendation that would enhance and change OCE’s current mission. These 13 recommendations can be found in the body of the report.

Within OCE’s current mission, this report addresses:

- OCE’s Legal Framework – specifically, the constitutional, statutory, and administrative rules and provisions that govern its mission and operations and its relationships with key stakeholders;
- OCE’s “Cost-Effectiveness” Mandate – specifically, the constitutional and statutory provisions requiring it to be run in a “businesslike” and “cost-effective” manner so as not to rely on any general fund subsidies;
- OCE’s Operational Realities– specifically, existing practices and obstacles that undercut its current and future success, and potential new strategies that can greatly expand OCE’s reach and effectiveness; and
- OCE’s Public Safety Imperative – specifically, ensuring full alignment with larger public policy goals of reducing future inmate recidivism and promoting public safety

Beyond OCE’s current mission, this report addresses the potential for expanding the organization to provide career readiness services to a much broader population, including those under the care of the Oregon Youth Authority, the Oregon State Hospital, and in community corrections supervision programs.

This report, along with its conclusions and recommendations, comes at an important time, as Oregon policy-makers debate how best to reduce future Department of Corrections (DOC) inmate populations and decrease corrections costs. In December 2012, for example, Oregon’s Commission on Public Safety issued a long-awaited report that detailed a number of possible approaches (though agreement could not be reached among the members on specific recommendations).

Though the Commission’s work focused mainly on potential changes in sentencing policy, it noted that 93% of DOC’s prisoners eventually are released back into society. How best to build even more effective prison work programs, which could increase inmates’ chances after their release of future personal success (not to mention lead to lower recidivism rates), can and should play a key role in this discussion.

As such, we believe that our major conclusions and recommendations in these broad areas hold relevance not just for OCE and DOC management, but also for Executive and Legislative branch officials and Oregon citizens.

Five major conclusions stand out – and they are all interrelated. Together, they paint a picture replete with impressive past performances by both OCE and its DOC partner– but also squandered opportunities and ineffective practices that seriously compromise OCE’s future

ability to play a significantly greater role in creating and promoting additional inmate work opportunities.

Left ignored and unaddressed, these major conclusions suggest that OCE will far more likely shrink in coming years, rather than expand. Acknowledged and directly addressed with candor and creativity – by OCE and DOC leaders alike, as well as the Governor, the Legislature, and key community stakeholders – these findings point the way to important changes that could produce a much brighter future.

By decade's end, such strong leadership and vision is capable of allowing OCE's reach (defined by the number of inmates it effectively deploys) to easily double or even triple its current footprint, directly employing 2,500 to 4,000 inmates both inside and outside DOC's walls. In so doing, OCE could prove a key catalyst in helping DOC finally achieve the as yet-unrealized constitutional obligation, enacted by Oregon voters in 1994, of having all eligible inmates working full time, as required and defined in Article I, Section 41 of the Oregon Constitution.

Below are our five key conclusions and some brief discussion. Additional detail and specific recommendations can be found later in the report.

### *Within OCE's Mission*

**Conclusion #1: Deep confusion and lack of clarity as to important legal, policy and administrative “prerogatives and boundaries” – of and between two statutorily distinct entities, the Department of Corrections (DOC) and Oregon Corrections Enterprises (OCE) – seriously threatens OCE's ability to operate cost-effectively and in ways that ensure its sustainability and accountability to Oregon citizens.**

By design and explicit definition, OCE must obtain its workforce from incarcerated prison inmates who must be safely controlled and managed under the custody of DOC, mostly within DOC-controlled facilities. This necessitates close, clear, and effective cooperation for both entities to achieve their complimentary (though different) missions. And on many levels, we found clear arrangements that spell out in important detail the mutual obligations and responsibilities of each party.

Even so, it is vital to recognize how fundamentally different each organization's operating imperatives are – and need to be – to achieve mutual success. DOC is a “budget driven” organization that must advocate for and obtain significant state general fund support from the Governor and Legislature to fulfill its legislatively mandated mission of protecting the public's safety. Such an arrangement puts a high premium on security, stability, and risk-avoidance. OCE was established as a “revenue and profit” driven organization, tasked with taking a particular type of labor force (incarcerated inmates) and working within certain general boundaries (e.g., don't unfairly compete with Oregon's private sector) to maximize employment and net revenue. Such an arrangement puts a high premium on entrepreneurial thinking, a willingness to explore new markets, and taking business risks (albeit carefully calculated ones).

For much of the last decade, OCE's steady growth and financial success – fueled in no small part by one-time orders for furniture and other manufactured goods, many of which were driven by new state prison construction – largely masked the inherent strains and tensions between these two organizational missions and even cultures. That is no longer the case, as a still-sluggish economy and mounting operational losses in several key OCE business lines (e.g., furniture manufacturing) reveal serious challenges.

What OCE arguably *should* do, consistent with its legislative mandate of “self-sufficiency” – e.g., close down or relinquish unprofitable operations, and trim operational staff to focus scarce resources on potentially more viable business lines – is significantly less clear than what it is currently empowered to do. Amidst a welter of seemingly inconsistent and/or ambiguous laws, policies, and operating assumptions – and even competing interpretations as to key provisions between DOC and OCE officials – lie a number of basic, key questions that currently lack clear and definitive answers. Just a few examples:

- Does the OCE administrator have the power to close – or at least “hand back” to DOC – money-losing lines of business, whose continued operations may serve certain DOC purposes, but seriously compromise OCE’s ability to invest in promising new ventures and meet its obligation to be a “cost-effective” operation?
- In establishing the OCE as a “semi-independent” (and separate) state entity, to what extent did the Legislature empower its administrator with direct legal authority over such key tasks as hiring, evaluating, and funding positions for OCE personnel?
- Although ORS 421.347 requires the OCE Administrator to appoint an “Advisory Council” of at least 3 members who represent several specific sectors, can the OCE administrator appoint members, and empower them with specific review and oversight responsibilities, independent of the directives of the DOC director, at whose pleasure the OCE administrator serves?

When core operational responsibilities are blurred, accountability issues often can be similarly obscured. Further complicating the picture is OCE’s near-unique status, among all other entities created under Oregon law, of being a “semi-independent” entity, but without a Governor-appointed board, and whose chief administrative officer is appointed by and serves solely at the pleasure of the executive officer of a legally separate entity.

Even under the best of circumstances, such lack of clarity poses significant operational risks. For an entity of OCE’s size (\$24 million in annual revenues) and statutory exemption from routine Secretary of State audit authority the operational risks are especially high.

We recommend that the Governor and the Chief Operating Officer work to clarify, as quickly as possible, these and a number of other key questions and issues that currently create ambiguity and uncertainty between OCE and DOC authority, especially where precision and clarity are especially important. These issues can be resolved through administrative action, however, should the Executive branch leadership believe changes in Constitutional and/or statutory language would be appropriate, such changes should be recommended to and considered by the Legislature.

*See pages 20 to 23 for more detailed recommendations*

**Conclusion #2: Despite clear constitutional language that all inmate programs be run in a “businesslike” manner – and additional legislative language that OCE operate in a “cost effective manner” without general fund support – OCE and DOC leaders during the last five years have tolerated unacceptably large losses and operating expenses in a few large business lines. This has significantly depleted OCE’s operating reserves – which at present are its only source of “risk capital” to explore and develop new business lines in the hope of employing significantly more inmates – and made OCE excessively vulnerable to increasingly competitive market forces.**

Between its 1999 inception and roughly 2007, OCE performed remarkably well, growing from 700 to 1,200 inmates assigned and generating more than \$145 million in aggregate, operating revenues. In 2002, (after completing the administrative separation from DOC), annual OCE revenues were \$16 million; in 2007 they were \$24 million, according to its financial audits.

Since 2007, a large portion of OCE’s past success – and operating cash reserves – has been squandered on keeping unsustainable enterprises afloat. Chief among these are OCE’s manufacturing lines, primarily furniture and metal fabrication, whose heavy losses have been subsidized by robust profits in several other areas, especially laundry and call centers.

Between 2007 and 2011 (OCE’s last audited full fiscal year), its manufacturing business lines sustained cumulative losses of almost \$10 million. Only through cumulative profits of \$12 million during this same period, by key service businesses such as laundry and call center operations, did OCE avoid burning through its operating reserves. For fiscal year 2011-2012, OCE service industries generated over \$13 million and had 797 inmates assigned, resulting in a net profit of \$2,854 per inmate. Manufacturing programs generated \$10.1 million in revenue and had 361 inmates working, which cost OCE (-\$5,934) per inmate to keep in operation.

During the current fiscal year, which began July 1, 2012 and ends on June 30, 2013, OCE’s financial situation has deteriorated further, and at an accelerated pace. Preliminary figures through December 31, 2012 show overall operating losses of (-\$107,000), putting OCE on track to experience its first money-losing year since 2000. While OCE’s operating reserves currently stand at \$4 million, allowing it to absorb such losses on a temporary basis, this situation obviously cannot exist indefinitely.

As heavy as these losses have been, perhaps a bigger impact has been on OCE’s “lost opportunities.” Though structuring OCE to resemble a quasi-business enterprise, the Oregon Legislature declined to provide OCE with a mechanism for accessing public dollars to invest in new (but potentially risky and money-losing) ventures. Accordingly, OCE must rely on accumulated earnings as its sole source for marketing its programs and testing new markets.

Given these long-running operating losses in key sectors – and current, overall losses across its entire portfolio – it’s little surprise that OCE’s marketing efforts have been relatively meager, and new investments in new markets relatively cautious. While OCE’s recent operating losses in key business lines are now irretrievably lost, it is worth asking what OCE might have done differently with this \$10 million during this period – not just in working to open new markets but also choosing to deliver to its inmates far more training, education, and even alcohol/drug treatment programs to increase their productivity (and increase their likelihood of future success after leaving DOC custody).

DOC officials make it clear that they support the continuation of these money-losing manufacturing programs, which currently are concentrated at DOC’s main facility (Oregon State Penitentiary) and several other large institutions (Snake River Correctional Institution, Oregon State Correctional Institution, Eastern Oregon Correctional Institution, Two Rivers

Correctional Institution, and others). However, the issue here isn't whether these programs have tangible, non-monetary benefits. Rather, it's whether OCE, within its legislatively imposed "self sufficient" framework should continue to bear this financial burden, as opposed to relinquishing these operations to DOC (which would then need to decide whether to ask the Legislature for funds explicitly appropriated for that purpose).

Such an arrangement would also force DOC officials and legislators to confront another reality: the large amount of physical space now required for these money-losing operations. State officials currently project a significant increase of inmates in the next 5 years – *even if* legislators pass some of the sentencing reforms urged by some members of the Commission on Public Safety. Decisions on whether to build new prisons – and if so, how large they must be – could be affected by freeing up additional space within existing DOC institutions.

*See pages 23 to 27 for more detailed recommendations*

**Conclusion #3: OCE could double or even triple its capacity – reaching as many as 4,000 inmates working in its programs by decade's end. Given DOC's declining ability (even with existing OCE programs) to meet existing legal mandates to employ its eligible inmates, such an expansion is arguably necessary just to keep pace with rising prison populations. But these twin goals – increasing DOC's overall compliance, and OCE's significant expansion – are possible only if OCE and its operating partner (DOC) are willing to fundamentally rethink and change a number of their current business processes and operations.**

The Department of Corrections currently classifies nearly 12,000 of its approximately 14,200 inmates as eligible and subject to the constitutional mandate that they be occupied full time in "work or on-the-job training" as defined in Section 41, Article I of Oregon's Constitution. The constitutional language further defines this "full time" standard as forty hours per seven-day week. An inmate may, however receive education as part of this work requirement so long as the inmate "is engaged at least halftime in hands-on training or work activity." Further, the constitution requires DOC to provide drug or alcohol treatment for inmates whose addiction prevents them from working. DOC counts up to 20 hours of such treatment toward the work requirement.

Combined, DOC and OCE invest nearly \$75 million per biennium into work, education, and inmate treatment programs. In 2011-13, OCE accounts for approximately \$50 million of this number, with earned revenue from directly employing its 1,200 inmates. For 2011-13, the Oregon Legislature directly appropriated the Department of Corrections \$6.5 million for Alcohol and Drug Treatment, and another \$16.5 million for various workforce development programs.

In its most recently completed 2011 Internal Audit, DOC self-reported that 69% of its inmates – approximately 8,280 – currently meet the constitutional requirement that they be employed at least 40 hours a week in work or on-the-job training.<sup>1</sup> This compares to 71% in 2007, and 82% in 2000. These figures indicate that the significant rise in Oregon's DOC population has outpaced the ability of existing inmate work and training programs to keep up (DOC Annual Performance Progress Report, 2011).

For its part, OCE currently has 1,200 inmates in work and related training programs. This represents just 10% of the total eligible inmate population, and about 15% of those deemed to be meeting the work requirement. The remaining 7,000 inmates are working and/or

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<sup>1</sup> The 69% compliance rate figure was obtained from DOC data and is not independently audited.

enrolled in training and treatment programs solely administered by DOC. Approximately 4,000 who meet eligibility criteria are not complying with the full time work/training mandate – the highest total since soon after Measure 17’s passage in 1994.

The inmate population is a challenging one to employ – burdened with mental illness, addiction, and lack of education. According to DOC data, 70% of inmates need basic education or skills, 58% are dependent or addicted to drugs or alcohol, and 50% have mental health issues. According to DOC, approximately 2,000 inmates are ineligible and exempt from the work/training mandate entirely due to physical and mental health issues, danger to themselves and others, and other factors.

As noted earlier, the legal and constitutional obligation for inmate work compliance falls on DOC, not on OCE. And as long as the Legislature requires OCE to be a self-sustaining entity – wholly unreliant on state fees or general fund revenue – it is unrealistic to expect it to be responsible for full compliance with Article I, Section 41 – that is, employing all 12,000 eligible DOC inmates currently incarcerated.

That said, OCE was created by the 1999 Oregon Legislature as a “semi-independent agency” to be a key player in helping achieve this constitutional mandate. The expression of intended policy for OCE in both constitutional and statutory language is clear – provide work for a large portion of Oregon’s inmates; operate OCE so that is self-sustaining; and provide OCE significant latitude outside of the usual structure of state government to be flexible and entrepreneurial.

Statutory and constitutional language delineating important boundaries between OCE and DOC, and describing key accountability mechanisms is much less clear, however, than the expressed policy goals. The result has been to reduce the effective, on-the-ground execution of OCE’s mission. Our analysis concludes that OCE’s contribution could – and should – be much higher. Opportunities exist for OCE to close-down money-draining businesses, expand into new industries, invest in sales and marketing activities, and strengthen its Advisory Council, but its statutory ambiguity and current financial constraints have hampered its ability to take such risks.

But making discernable progress – much less dramatic progress – towards closing this “compliance gap” will require far more than clarification of the DOC/OCE relationship and ceasing to incur significant, ongoing losses on unprofitable business lines. It will also require an unprecedented amount of re-thinking and leadership on the part of both OCE and DOC officials, and likely the active engagement of both Executive and Legislative branch officials.

For now, however, OCE has an opportunity to make changes to its programs and operations that will have significant impact on the organization and the inmates it serves. In addition to the major conclusions noted above, several recommendations are discussed in further detail in the recommendations section later in this report. But four are worth briefly highlighting here:

➤ **Implementing new criteria by which inmates are hired into OCE work programs;**

Under current arrangements, DOC managers determine the available work pool that OCE utilizes for its work programs. The available work pool is primarily based on assessments by DOC supervisory personnel and managers of inmates’ “good behavior.” Lacking is any formal “hiring and retention” system, which might include job interviews, skills assessments, assignment-specific training, and other elements common to most personnel management systems.



While this may initially seem “counter-intuitive,” our report recommends that OCE change from its current pattern – of tending to hire a “low risk /lower turnover” workforce – to a “higher risk/higher turnover” model. In such a model, inmates closer to their release dates would be targeted for the opportunity to earn an OCE assignment, even if it might require additional interventions just before or even during those assignments.

➤ **Promoting a far closer integration of OCE and DOC-run programs in the education, work-training, and treatment arenas;**

During the 2011-13 biennium, OCE will earn and spend approximately \$50 million for its work programs, while DOC will spend approximately \$23.1 million (\$15.1 million of it in state general funds) for its own collection of education, treatment, and vocational training programs. To a notable extent, this wide range of programs is a scattered and uncoordinated hodge-podge of initiatives, which could be re-arranged into a far more integrated and unified system to maximize effectiveness and impact on public safety.

DOC’s current inmate population – nearly 70% of whom require basic education or skills, 58% of whom have diagnosed substance abuse dependence or addiction, and 50% of whom have mental health issues – poses an enormous set of challenges. And to their credit, both OCE and DOC managers created effectively run a number of promising programs.

But with 93% of the current population slated for release at some future date, the imperative of making these programs as cost-effective as possible has never been greater. What’s lacking is an explicit “continuum of interventions,” designed to systematically move inmates through needed steps – e.g., earning a coveted OCE work assignment based on successful obtainment of a GED, completion of substance abuse treatment (where applicable), and demonstrated work training success.

Such a model – call it an integrated and well executed “Career Readiness Services” function – will require both OCE and DOC managers to make difficult choices. Which programs, for example, require explicit state subsidization – and arguably should be managed on the DOC side of the ledger (though with close OCE coordination), given OCE’s “self sustaining” mandate? How effective are these various programs, and how should they be rigorously and independently evaluated for potential expansion, modification, or termination?

One promising framework for such an approach was deployed in Washington State, where various programs are classified into one of four different steps along what might be called a “full spectrum of job readiness and training”. These steps are:

- “Basic skills” – GED, high school, community college level education
- “Life skills” – beating alcohol and drug habits, staying sober
- “Work skills” – acquiring and practicing the basic habits of successful work: promptness, attentiveness, concern for quality, customer-service, initiative
- “Trade skills” – acquiring and practicing specific knowledge related to a particular domain of work – whether it’s fabrication, data organization and analysis, provision of services

➤ **Reducing overhead, excess personnel costs, and security-related expenses;**

OCE's current operating budget includes salaries and benefits for nearly 100 FTE. Given existing market conditions and revenue losses, the need to "right size" the organization by significantly reducing these costs is clear. So, too, is the importance of doing more to clarify how key components, such as security expenses, should be allocated between DOC and OCE. While ORS 421.359 expressly prohibits the "co-mingling" of OCE and DOC funds, less clear are the criteria to determine and distinguish between legitimate OCE costs that DOC otherwise would not incur –which should be financed through OCE'S earned revenue – and on-going DOC obligations –which are the Legislature's responsibility to cover.

OCE's operating statutes also expressly authorized it to create a separate pension system, in addition to the existing PERS system, for its employees. While there are both upsides and downsides to adding this option, OCE leaders should actively explore and analyze its potential costs and benefits, especially given the large (and growing) cost of PERS likely in the next few biennia.

➤ **Reviving and forging new partnerships with both public and private entities to employ inmates both inside and outside existing DOC institutions, including work crews**

In both the initial 1994 version of Measure 17 – and two subsequent modifications to Section 41 Article I approved by Oregon voters in 1997 and 1999 – DOC was granted broad authority to partner with other public and private entities to employ inmates. State agencies were explicitly directed to work with DOC to identify new opportunities to deploy prison inmates. And when it established OCE in 1999, the Oregon Legislature reiterated these themes, giving OCE broad powers to enter into contracts and agreements with private, non-profit, and public entities, unburdened by many regulatory requirements affecting most other state agencies.

OCE's considerable success to date has been based on its ability to successfully negotiate and execute a broad range of such agreements. It has sold manufactured furniture back to DOC for use in newly-constructed prisons – and for remodeling efforts at the State hospital, the State Capitol, and University dormitories. Its single largest laundry contract is with the Oregon Health Sciences University, and OCE has long provided call center services to the Secretary of State, other state agencies, and private businesses. Business lines that work exclusively with private entities include the "Prison Blues" garment factory and the contact center industry.

However, much more can and should be done – some of which requires little more than reviving past arrangements. When OCE was created in 1999, it only had responsibility for revenue-generating work programs within the institutions while DOC continued to manage outside work crews. A 2001 report noted that 575 inmates were employed in more than 50 "work crews" used for a wide range of purposes, from maintaining and rehabilitating State Park Land to clearing highway debris (Oregon's Inmate Work Crews, 2001). Today, nearly all inmates work within DOC institutions and outside work crews are limited. OCE and DOC should consider partnering to expand the reach and scope of work programs, with OCE focusing on the business arrangements and DOC focusing on security and logistics. One promising arena is forestry-related work on both public and private lands. For example, OCE and DOC could develop partnerships that target the much needed care and maintenance of Oregon's vast forests that would benefit both the economy and environment.

*See pages 28 to 32 and pages 36 to 37 for more detailed recommendations*

**Conclusion #4: Through more effective operations and the rigorous tracking and evaluation of program results, OCE has the potential to do far more to help Oregon achieve its larger policy goals of promoting public safety and reducing the failure and recidivism rates of DOC inmates released back into society.**

DOC estimates that of its 14,240 inmates, 93% will eventually be released back into society. And for every released inmate who is convicted of another crime serious enough to warrant his/her return to the DOC system – the most visible form of “failure” as it were – there are enormous additional costs to both society and taxpayers. That is why one major, underlying premise of prison work programs is that such activity is worthwhile because it will reduce the odds of future failure. The logic is this: through prison work programs, and the habits and skills acquired, the odds of inmates’ “recidivism” will be materially reduced.

While officials of both OCE and DOC embrace this thinking, there is a telling and noticeable lack of a system to rigorously analyze and evaluate the cost-effectiveness of what is a combined \$75 million biennial investment in these programs. To the extent that success and failure are tracked at all, it is along just one dimension: a longstanding definition of “recidivism” that simply measures whether inmates are “convicted of a felony” within 36 months of release.

Largely missing is any systematic analysis of the many other “risk” and “failure” points for inmates that fall far short of a return trip to state custody. These include ex-inmates’ ability to get (and keep) any kind of job; their ability to get (and keep) a job that maps back to the work they performed and the skills they acquired in OCE and/or DOC programs while incarcerated; and their records of minor infractions, arrests, substance abuse incidents, parole/probation violations, and convictions for misdemeanors and other violations that result in sanctions that fall shy of re-incarceration in a DOC institution for a new felony conviction.

To track only whether inmates return to state DOC custody for the most serious crimes is akin to the medical profession defining patient “health and success” as anything other than death (or at least a return to the hospital for major intervention). Frequent relapses, adverse drug reactions, and chronic debilitating illness in such a model would be viewed no less a “success” than complete and full recovery from a given ailment or condition.

Building a far more robust and rigorous model of tracking and analyzing post-incarceration behavior for the approximately 4,500 inmates released each year from DOC custody would be no simple task (Bureau of Justice Statistics, 2010). Rigorous controls and careful methodology are necessary to ensure proper conclusions can be drawn. For example, OCE has done some follow up on work involving recidivism rates – but only as currently defined by DOC (i.e., return to DOC custody within three years of release). These studies have shown that inmates who participated in OCE programs were significantly less likely to recidivate than other inmates. However, this analysis did nothing to control for key demographics of the inmate population, which varied considerably between the two populations. As a result, whether this seeming “success” is based on the intervention of OCE’s programs – or attributable in part or wholly to other, underlying characteristics – can’t be determined.

By taking this much broader view of “public safety” – combined with rigorous and meaningful tracking and analysis – both OCE and its DOC-supplier of inmate labor would be far better positioned to argue for new arrangements that might initially seem “more risky” from an operational viewpoint. For example, as noted earlier, increasing OCE’s reach likely will require pursuing work opportunities – requiring close supervision of inmates, even those deemed minimum security risks outside DOC institutions, such as on forestry or roadwork crews or even in private facilities. But absent a strong, data-driven framework, OCE and DOC will lack the type of valid data needed to balance security, work productivity, and offender treatment.

This lack of information also hampers OCE's ability to "make the case" for additional investments in promising new business lines. Under its current model, OCE is essentially forced to find "venture capital" from its own operating reserves. If reserves are too small – and OCE's current reserves of \$4 million on a \$24 million per year revenue and expense model are hardly robust – organizations tend to be inherently cautious about trying new and untested markets.

Credible data that could help document the full "Return on Investment" for successful OCE work programs might also lead the Legislature to consider the creation of a dedicated "capital funding" mechanism for promising OCE ventures. (Existing statutory language contemplates such a funding mechanism – see ORS 421.305(1(j)) – though under current law this would require explicit legislative approval). Such a fund could provide seed capital for OCE to create and test new markets, in exchange for a share of potential profits. (Of course, there is also significant risk if a venture proved unsuccessful; there would be no return or even losses that would need to be absorbed).<sup>2</sup>

The imperative of building a rigorous and credible "Return on Investment" (ROI) model by which to evaluate a wide range of inmate work, education and training programs – whether they're operated by OCE, DOC, or even local governments through the community corrections system – is perhaps more important than ever, given strained budgets and vigorous political debate over such topics as sentencing policy. If it could be demonstrated, for example, that for every \$1 million invested in effective prison work and training programs, that the measurable benefits – in reduced societal costs, increased earnings (and tax revenues) from working prisoners, and reduced prison expenses – were far higher, a far more productive discussion could be fully engaged in. Absent such data, these programs will likely continue to be viewed by policy makers and budget decision-makers largely in terms of their "additional costs" to the system.

Indeed, of all the key findings, this is the one that most requires the Legislature's acknowledgement of full responsibility. While it has done many things since the 1994 passage of Measure 17 – including the creation of Oregon Corrections Enterprises – the Legislature has consistently failed to do what is necessary to ensure that all DOC inmates meet the existing constitutional mandate. Indeed, Governors and DOC officials in recent biennia have failed to even propose "budget decision packages" necessary to meet the Article I, Section 41 Constitutional mandate – while Legislatures have routinely failed to ask for such information, much less appropriate the necessary funds to ensure compliance.

Absent significant public criticism about the failure to meet what is clearly a long-standing situation of non-compliance with a Constitutional mandate, few legislators have raised concerns either – doubtless in part because significant, additional costs would be required for such compliance, and there are many competing demands for the money.

The Oregon Legislature could ask voters to amend Section 41, Article I to make the mandate conditional – e.g., subject to available funds. Or, they could decide that the policy, at least for now, should be honored and work to put in place the mechanisms to make decisions on how to do that based on data and actual experience.

*See pages 32 to 36 for more detailed recommendations*

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<sup>2</sup> A 1998 report by a special task force established by former House Speaker Lynn Lundquist proposed just such a mechanism for investing in new infrastructure for prison work programs (Speaker's Council on Prison Workforce, 1998). That provision, however, was not incorporated into OCE's charter language in 1999.

## *Beyond OCE's Mission*

**Conclusion #5: Oregon's urgent government reform requirements – for improved public safety combined with fiscal discipline and efficiency – make this an opportune time for executive and legislative decision makers to consider leveraging OCE's hybrid public enterprise model for the integrated provision of career readiness services for a broader range challenged institutional populations.**

While 14,000 inmates are currently incarcerated within DOC institutions, at least that many additional citizens are directly under the institutional care of other state and local government institutions. These include approximately 7,000 prisoners residing in county jails and serving sentences of up to one year; about 1,800 under the custody of the Oregon Youth Authority and local authorities; and many others in institutional settings, outside criminal justice, such as residents of state hospitals and facilities operated by the Department of Human Services.

Even amidst significant ambiguity, limitations, and organizational constraints within the DOC institutional setting – difficult circumstances by any measure – OCE has demonstrated the value and potential of its “public enterprise hybrid approach.” Since its creation, OCE has provided work opportunities for more than 10,000 individual inmates, generating more than \$200 million in earned revenues. Though some of that revenue has arguably been “captive” – e.g., the state buying OCE-made furniture for its new prisons, from inmates working in its existing prisons – OCE has nonetheless managed to operate “in the black” for 12 consecutive fiscal years.

Building on an even more effectively configured OCE, as recommended in this report, we believe significant opportunity exists to take full advantage of a broader “beyond mission” reform opportunity that focuses on the integrated provision of targeted and evidenced-based career readiness services across DOC and other state institutions such as the Oregon Youth Authority (OYA), the Oregon State Hospital, and local jurisdiction community corrections systems. This scenario would essentially “scale up” (in a phased manner) OCE's framework for innovative and businesslike operations to include serving citizens in a number of other taxpayer supported-institutional care settings throughout Oregon.

Such a vision might be dubbed an “Oregon Career Readiness Enterprises” (OCRE) approach, whose purpose would not just be to integrate many disparate systems and siloed institutions spread across numerous government entities. Even more important is the potential this approach has to identify, and then “rationalize,” how best to move members of various challenged populations through the various stages of life skills and career preparation – and then rigorously track their progress over time, using the data to continually improve program offerings (including the elimination of those that prove ineffective).

*See pages 39 to 41 for more detailed recommendations*

# Introduction

In early 2012, OCE entered into an Intergovernmental Agreement with the Center for Public Service (CPS) at Portland State University (PSU) to help analyze current operations and identify opportunities and strategies for significantly increasing OCE's success over the next 3-5 years. As part of this strategic evaluation, OCE requested that the CPS/PSU team collaborate with them to gain a better understanding of the contours of OCE's external and internal context, and to work together in co-producing a set of strategic recommendations for navigating turbulent waters ahead.

The agreed upon Scope of Work for the assessment included the following:

1. Review the current OCE operating model to identify its strengths and weaknesses.
2. Review OCE business practices, including hiring, business operations, fiscal control, and effectiveness. This would include an analysis of the appropriate bridging of business and governmental practices.
3. Perform a risk analysis to ensure proper fiducial and management tools are in place as they relate to policy and statutes; verification of proper fiducial controls will include proposed policy and statutory safeguards.
4. Identify best practices of existing Oregon not-for-profit organizations, such as the Children's Trust Fund, and national not-for-profit models such as Florida Pride, the corrections industries program in the State of Florida.\*
5. Review overall policy, statutory, and constitutional mandates to include modification recommendations with an analysis of advantages and disadvantages of recommended changes.
6. Assess the potential for expanding the OCE mission by offering additional services to DOC, but also services that could be offered to other agencies.

The OCE strategic assessment was completed in three phases. The Phase I report, submitted in May 2012, laid out an analytic framework for the report and identified the broad areas that deserved deeper and more extensive examination. The Phase I report responded to Scope of Work item 1.

The Phase II report used evidence-based analytical methods to assess and present key findings, along with strengths and weaknesses, regarding OCE's current operating model. The Phase II report especially focused on and responded to Scope of Work items 2 and 3.

This Phase III report drew its conclusions and recommendations from the Phase II findings. This report especially focuses on and addresses Scope of Work items 5 and 6, by making specific recommendations to help OCE meet its current mission or expand its scope and mission by offering additional services to DOC and other agencies.

The key findings from the Phase II Assessment report, followed by corresponding conclusions developed in Phase III, arranged by OCE operational areas, are presented in Table 1:

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\* On October 19, 2012, OCE asked that CPS omit #4.

## Table 1: Overview of Phase II Findings & Phase III Conclusions

OCE Operational Context	Phase II Key Findings	Phase III Major Conclusions
Statutory and Stakeholder Context	<ol style="list-style-type: none"> <li>OCE operates in a challenging statutory context with limited external fiscal and administrative controls.</li> <li>Most of OCE’s external stakeholders, especially those with high degrees of power to influence OCE’s operations, see OCE’s work and educational/ vocational programs as beneficial to their and Oregon’s interests.</li> </ol>	<ol style="list-style-type: none"> <li>Deep confusion and lack of clarity as to important legal, policy and administrative “prerogatives and boundaries” – of and between two statutorily distinct entities, the Department of Corrections (DOC) and Oregon Corrections Enterprises (OCE) – seriously threatens OCE’s ability to operate cost-effectively and in ways that ensure its sustainability and accountability to Oregon citizens.</li> </ol>
Cost-Effectiveness	<ol style="list-style-type: none"> <li>Service industries have consistently proven to be more self-sustaining than manufacturing industries.</li> <li>OCE work programs and processes are dated and do not emulate the private sector.</li> </ol>	<ol style="list-style-type: none"> <li>Despite a clear constitutional language that all inmate programs be run in a “businesslike” manner – and additional legislative language that OCE operate in a “cost-effective manner” without general fund support – OCE and DOC leaders during the last five years have tolerated unacceptably large losses and operating expenses in a few large business lines. This has significantly depleted OCE’s operating reserves – which, at present, are its only source of “risk capital” to explore and develop new business lines in the hope of employing significantly more inmates – and made OCE excessively vulnerable to increasingly competitive market forces.</li> </ol>
Work and Related Programs	<ol style="list-style-type: none"> <li>Only 15% of Measure 17-eligible inmates are working in an OCE-run program.</li> <li>Current OCE and DOC vocational training is limited, but the Career Readiness Center brings new opportunities.</li> </ol>	<ol style="list-style-type: none"> <li>OCE could double or even triple its capacity – reaching as many as 4,000 inmates working in its programs by decade’s end. Given DOC’s declining ability (even with existing OCE programs) to meet existing legal mandates to employ its eligible inmates, such an expansion is arguably necessary just to keep pace with rising prison populations. But these twin goals – increasing DOC’s overall compliance, and OCE’s significant expansion – are possible only if OCE and its operating partner (DOC) are willing to fundamentally rethink and change a number of their current business processes and operations.</li> </ol>

Public Safety Contributions	7. OCE inmate-workers recidivate at a lower rate than inmates in the general DOC population. Additional analysis is needed to determine the independent effect of participation in OCE.	4. Through more effective operations and the rigorous tracking and evaluation of program results, OCE has the potential to do far more to help Oregon achieve its larger policy goals of promoting public safety and reducing the failure and recidivism rates of DOC inmates released back into society.
Long-term transformation	8. Long-term transformational opportunities represent potential improvements that could extend beyond the next few years, and possibly even expand OCE's current mission. The successful implementation of any strategies in this category requires the support and approvals of many key OCE stakeholders; some could involve statutory and policy changes.	5. Oregon's urgent government reform requirements – for improved public safety combined with fiscal discipline and efficiency – make this an opportune time for executive and legislative decision-makers to consider leveraging OCE's hybrid public enterprise model for the integrated provision of career readiness services for a broader range of challenged institutional populations, beyond the confines of DOC prison inmates.

Drawing from the conclusions, this Phase III report identifies 13 recommendations— 12 that fit within OCE's current mission and one that would require OCE to expand its mission and broaden its reach.

During Phase III the CPS team worked closely with OCE leaders to co-produce strategy recommendations for OCE based on the list of strategic opportunities presented in the Phase II report.

## Background

In 1994, Oregon voters made a sweeping declaration in approving Measure 17 to amend the state Constitution: all eligible inmates in the custody of the Oregon Department of Corrections would be required to be "actively engaged full-time in work or on-the-job training." As further defined in Article 41, Section I of the Oregon Constitution, inmates enrolled in "education" and related programs could count up to 20 hours a week of such activity towards this "full time" requirement.

According to one report at the time, just 22% of DOC's approximately 7,000 inmates in 1995 would have met the Measure's specific provision of being engaged in "full time work or on-the-job training." In its 1999 session, the Oregon Legislature created a new and separate state entity to create and promote prison work programs, which became operational upon voter approval of Measure 68 in November 1999. This constitutional amendment made several modifications to Measure 17's original language, though not to the underlying mandate. Known as Oregon Corrections Enterprises (OCE), this entity was specifically designated as a "semi-independent" state agency, with statutory authority described in detail in ORS 421.344 through 421.367.

The creation of OCE came amidst broad, bi-partisan concern over lack of sufficient progress and compliance with the inmate work mandate. At the time, one major culprit was viewed to be the micro-managing tendencies of the "Prison Industries Board" that Measure 17 created to oversee DOC work programs. The Board consisted of three elected statewide officials: the Governor, Secretary of State, and Treasurer. Measure 68 abolished the Prison Industries



Board and made the Department of Corrections and its Director explicitly responsible for achieving the mandate.

Overly restrictive statutory provisions and rules that hindered the creation and success of effective inmate work programs, especially those that involved partnerships and contracts with other public and private entities, were viewed as another major obstacle. Accordingly, OCE's authorizing legislation – HB 2248 (Chapter 955, Oregon Laws 1999) – explicitly exempted OCE, as a "semi-independent agency," from a wide range of laws relating to contracts, procurement, personnel management, public records, and budget rules. As a semi-independent agency, OCE was assigned a new state agency number and was administratively "divorced" from DOC. Assets were transferred to the new agency along with the separation of banking, human resources, information systems, and accounting systems. Additionally, this change created a new bargaining unit for OCE employees. Inmates and work program space was allocated similar to other service providers partnered with DOC.

The combined intent of these changes was to create a more entrepreneurial-oriented, business-like entity that was expected to be "self-sustaining" – that is, requiring no legislative appropriations of general fund dollars. OCE would develop, market, and promote a range of inmate-staffed business offerings. By working with and alongside each other, DOC and OCE together were expected to achieve the "full time work and on-the-job training" mandate of the Oregon Constitution for 100% of eligible inmates.

Until recently, the combined efforts of OCE and DOC appeared both productive and promising. In 2001, DOC reported to the Legislature that it was 80% compliant with regard to its Measure 17 (Article I, Section 41) constitutional requirements. At the time, DOC's inmate population stood at about 9,500 – and OCE enrolled almost 700 of those inmates in a wide range of its business lines. These included furniture manufacturing, garment-production (e.g., "Prison Blues" denim products), laundry services, and call centers.

By 2007, OCE's workforce had grown nearly 50%, with over 1,200 inmates working in its businesses and experiencing robust and profitable growth – especially in its services industries of laundry and call centers. Revenues during this 2001-07 period grew from \$15 million annually, to about \$25 million.

Among prison work programs across the U.S., Oregon Corrections Enterprises during this period had earned recognition as one of – if not the most – innovative and far-reaching programs of its kind. On annual revenues of about \$24 million, OCE was generating significant profits, building up its reserves and exploring new business lines and partnerships. As a raw percentage of the overall DOC inmate population, OCE has double the national average of inmates working when compared to other prison industry programs.

Just 5 years later, the picture is much cloudier. What was once a promising, steadily rising trajectory for both DOC and OCE inmate work and training programs no longer exists. Today, OCE struggles just to maintain its long-standing level of 1,200 inmates who are working and/or receiving on-the-job training. Some of OCE's most prominent business lines (e.g., furniture manufacturing) have been losing significant sums of money over many years. Meanwhile, even long-running successes like OCE's laundry services and call centers are facing increased competition.

As of December 1, 2012, DOC had custody of 14,240 inmates – almost 1,000 more than in 2007, and 7,000 more than when Measure 17 was originally enacted. According to DOC's 2011 Inmate Work Opportunities Internal Audit, #11-05, just 69% of its eligible inmates are meeting the Measure 17 mandate.<sup>3</sup> And in its most recent prison population forecast, the

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<sup>3</sup> The 69% compliance rate figure was obtained from DOC data and is not independently audited.

state's Office of Economic Analysis predicts there will be more than 15,500 DOC inmates by 2017. Over 700 more inmate jobs must be created, just to remain at a 69% compliance figure. Reaching 100% compliance for a projected 15,500 DOC population, consisting of approximately 13,000 inmates who will be work and training eligible would require an additional 4,000 inmate jobs on top of that.

In January 2012, Oregon Corrections Enterprises entered into an inter-agency agreement with PSU's Center for Public Service to do an operational review and strategic plan focused on OCE's next 3-5 years. The goal was to assess OCE's current operations and strategic challenges, and then co-produce, with both OCE and DOC leaders, a series of recommendations that could significantly increase the number and success of inmates working in existing and new OCE programs.<sup>4</sup> The new DOC Director hoped that significant changes to OCE would result in a sizable expansion that would allow far greater numbers of inmates to be engaged in work.

The first two of three completed segments of this report – an overview of OCE's operations and an analysis of its current operating model with identification of potential strategic opportunities – have already been delivered. For detailed information on OCE's operations, and budgets, refer to CPS's Phase II Assessment Report. This report, known as Phase III, represents the culmination of our work, and outlines a series of findings and recommendations to help OCE better achieve its mission.

## Phase III Analysis Methods

The CPS research team presented to and requested feedback from OCE and DOC leaders on the 29 strategic opportunities identified in the Phase II report. CPS used an electronic survey, which better accommodated the schedules of the Steering Committee and allowed us to incorporate a diversity of perspectives and experiences. CPS distributed the survey to 9 members of the Center for Public Service research team, 11 members of OCE, and 4 members of DOC.

The survey asked participants to rate the benefits, feasibility, and costs of pursuing each strategic opportunity using a three-point scale (high = 3, medium = 2, and low = 1). Researchers assessed benefits of each strategic opportunity along three dimensions including the potential effect of the opportunity to "generate revenue greater than the cost of implementation (self-financing); increase the number of work and/or training opportunities for inmates (work/accountability); and contribute to greater institutional and/or public safety (public safety)."

The survey also measured the viability of implementing each strategic opportunity along five dimensions by asking participants "how feasible is it to implement this strategic opportunity given the: technical and administrative capacity of OCE/DOC (implementation capacity); available financial mechanisms and contractual requirements (financial structure); external business and economic environment (business climate); level of support or approval for the strategic opportunity by OCE/DOC (support); and, effect on prison security and inmate management (security)." Finally, the survey asked participants to rate the potential "up-front, budgetary cost of implementing" each strategic opportunity.

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<sup>4</sup> In October 2012, DOC leadership decided to change its role in the co-production process from a partnership role to that of a reviewer.

The CPS researchers obtained completed assessments from all members of the CPS team. Members of DOC declined to participate, however, and OCE Administrator Robert Killgore decided to rescind the survey after being requested to do so by DOC management.

The CPS research team analyzed the survey responses it did receive by calculating the average benefits, feasibility, and cost ratings associated with each strategic opportunity. The team dropped assessment data about feasibility and cost from further analysis, due to a lack of survey data from those within DOC and OCE best able to provide feedback about the viability and financial impact of pursuing various opportunities.

The CPS team then reviewed the survey data and used it to help determine what major conclusions to draw from work done to date, especially from the Phase II assessment report. The team then consolidated and combined the strategic opportunities from Phase II that shared strategic qualities and promised the greatest benefits to OCE. CPS and OCE leadership further clarified and elaborated on recommendations in a series of face-to-face meetings, emails, and telephone conversations. This process yielded a list of 12 recommendations that fell within the scope of OCE's mission and one recommendation that is beyond OCE's current mission.

## Conclusions and Recommendations

### "Within Mission" Conclusions and Recommendations for Optimizing OCE's Businesslike Authorities and Operations

As previously noted, OCE is in a precarious situation, both statutorily and financially. OCE executives need to make significant changes if the organization is to survive—and thrive—in the coming decade. These conclusions and recommendations follow a yearlong assessment of OCE's operations and intend to help OCE leaders make the changes that are necessary to put OCE on track and fulfill its mission to "promote public safety by providing inmates with meaningful work experience in a self-sustaining organization." These conclusions and recommendations address Item 5 in the Scope of Work, which requires CPS to "[r]eview overall policy, statutory, and constitutional mandates to include modification recommendations with an analysis of advantages and disadvantages of recommended changes."

These conclusions and recommendations fall into four general categories relevant to OCE's mission and are intended to improve OCE's operations within its existing organizational model. These categories are the following:

- **OCE's Statutory and Stakeholder Context** – specifically, the constitutional, statutory, and administrative rules and provisions that govern its mission and operations and its relationships with key stakeholders;
- **OCE's "Cost-Effectiveness" Mandate** – specifically, the constitutional and statutory provisions requiring it to be run in a "businesslike" and "cost-effective" manner so as not to rely on any general fund subsidies;
- **OCE's Work and Related Programs**– specifically, existing practices and obstacles that undercut its current and future success, and potential new strategies that can greatly expand OCE's reach and effectiveness; and

- **OCE's Public Safety Imperative** – specifically, ensuring full alignment with larger public policy goals of reducing future inmate recidivism and promoting public safety

## *Statutory and Stakeholder Context*

**Conclusion 1— Deep confusion and lack of clarity as to important legal, policy and administrative “prerogatives and boundaries” – of and between two statutorily distinct entities, the Department of Corrections (DOC) and Oregon Corrections Enterprises (OCE) – seriously threatens OCE’s ability to operate cost-effectively and in ways that ensure its sustainability and accountability to Oregon citizens.**

## *Recommendations*

- 1. The authority and oversight relationship between OCE and DOC should be clarified and the OCE Administrator should report to the Governor through the Chief Operating Officer.** The exact nature and legal boundaries of the respective authorities and responsibilities of OCE and DOC are challenging to discern, given the nuances between key provisions of Oregon law. For example, Under ORS 421.344, the OCE Administrator “shall have authority to do all things necessary and convenient to carry out” inmate work programs. However, ORS 421.305, which details more than 15 separate kinds of possible business and operational activities that OCE may pursue, further specifies that such activities are “subject to the authority of the Director of the Department of Corrections over care, custody, and control of inmates and corrections institutions.” A thorough review of current constitutional and statutory provisions, led by the Governor and the State’s Chief Operating Officer to clarify a wide range of seemingly inconsistent and vague statutory and Constitutional provisions that make it difficult to determine the exact boundaries and prerogatives between the needs and obligations of DOC and OCE is necessary. Such a review should also clarify whether the administrator of OCE has administrative rule making authority.

During the course of this assessment, it became clear that a serious conflict exists with the reporting relationship between OCE and DOC. The OCE administrator is appointed by and serves at the pleasure of the DOC director. In OCE’s current model, there are no formally empowered checks and balances from outside of the corrections arena. This relationship impedes the OCE administrator’s ability to “carry out the public purposes and missions” of inmate work programs as described in Article I, Section 41 of the Constitution in the manner that “best promotes the public welfare of the people of the State or Oregon” (ORS 421.354(4)). For example, the Administrator and the Executive staff briefed DOC leadership with a detailed presentation that outlined the substantial losses that the manufacturing businesses had generated over the last decade to include policy recommendations, and was instructed to not present the information to the OCE Advisory Council. Further, OCE’s operating revenues totaled \$24 million in 2012; however, we found no meaningful exercise of external fiscal or policy oversight.

As a key ingredient in ensuring clarity between OCE and DOC responsibilities and missions, and ensuring a productive partnership between these two separate entities in their respective roles, we further recommend that the OCE administrator be appointed by – and serve at the pleasure of – either the Chief Operating Officer or the Governor. Such an appointment should be done with the active involvement by and

input from the DOC Director and the OCE Advisory Council, as described in the next recommendation.

- **Change required**—Request changes to conflicting statutes pertaining to the authority of OCE and DOC (ORS 421.305, 421.344 - 421.367, and others, as necessary). Changing the appointing authority for the OCE Administrator will require legislative action, though as Chief Executive, the Governor in the meantime could work with both DOC and OCE to operationalize such a new reporting relationship.
- **Advantages**—Clarifying OCE’s authority would enable its executive team to make the business decisions necessary to run inmate work programs that are cost-effective and enable OCE to reach its full operating capacity. Eliminating OCE’s reporting relationship to DOC would bring external oversight and accountability to OCE’s inmate work programs and business operations.
- **Disadvantages**—While ambiguity in statute can be beneficial by allowing flexibility and discretion, directly conflicting language does not serve any purpose and makes it difficult, as noted above, for agencies to carry out their duties.

- 2. OCE should significantly strengthen its existing Advisory Council by adding representation from multiple stakeholders and increasing its organizational oversight.** ORS 421.347 requires the OCE’s Advisory Council to meet at least semiannually and to consist of at least three members: one representing the interest of banking and finance, one representing private business, and one representing organized labor. Beyond satisfying those statutory requirements, however, the OCE administrator should significantly strengthen the role that the Advisory Council plays in OCE operations by increasing the representation of OCE stakeholders, ensuring that the Advisory Council has full access to OCE records, and requesting regular, formal policy input on the functions, duties, and operations of OCE. Adding additional stakeholder representatives to the Advisory Council would enhance the capacity of the Council to address difficult policy matters and would strengthen OCE’s effectiveness at achieving its strategic goals.

In OCE’s current model, there are no formally empowered checks and balances from outside of the corrections arena. The National Correctional Industries Association (NCIA) has recognized OCE’s current structure as problematic and advocates for changing the status quo before a crisis occurs. Rather than ask the Legislature, however, to create a new, independent board, it is recommended that the OCE Administrator – in consultation with DOC, DAS, the Governor, and key stakeholders – exercise his existing statutory authority to appoint and convene such a board, and then empower it with express duties that include budgetary review, financial oversight, and broad advisory duties including the formulation of effective business development and marketing strategies to significantly expand OCE’s reach and ensure its long-term sustainability as a self-sufficient enterprise. Should OCE be determined to have administrative rule making authority, it might be prudent to adopt rules clarifying and defining this Advisory Council’s responsibilities.

A stronger Advisory Council arguably would have the most significant impact on the organization’s success or failure over the long term. A capable Council with strong leadership practices provides clear and effective direction for the organization, resulting in superior and sustainable performance. The stronger Advisory Council would create an environment where OCE can be highly productive, while building additional adaptive capacity for navigating Oregon’s continuously changing business and regulatory environment. It could provide OCE with an accountability model on par

with other semi-independent state enterprises, such as the Oregon State Accident Insurance Fund (SAIF) and the Oregon Health Sciences University, that have similar “dual missions”: delivering certain important, government-funded services, while also selling goods and/or services to public and private sector customers.

Such a council would provide “policy direction” for the Administrator of OCE, along with active engagement in the management oversight (reviewing annual budgets and monthly or quarterly business reports) as well as helping OCE identify and penetrate new public markets (e.g., state agencies, local governments) and private markets (e.g., additional contact center business and other promising markets).

- **Change required**—Increase the Advisory Council’s membership to between 6 and 12 members, to include a greater representation of OCE’s key stakeholders. This does not require statutory changes. Rather, OCE’s administrator and Advisory Council should use the Power vs. Interest Stakeholder grids in the Phase II Assessment Report to identify key stakeholder groups to be included on the Council. Once the new Advisory council convenes, the Council should then recommend for further adoption by OCE basic operating rules and procedures to ensure it has access to necessary information to properly conduct its responsibilities.
- **Advantages**—A stronger Advisory Council with more diverse representation of OCE’s stakeholders and increased organizational oversight would provide more policy direction and business and operational input. In addition, a wider swath of stakeholders would increase OCE’s community and business partnerships thereby enhancing its effectiveness at developing inmate work and education programs.
- **Disadvantages**—Additional stakeholder representation on the Advisory Council may make it more difficult for the Council to come to agreement on strategic policy areas. Increasing the Council’s involvement in OCE operations could make it more difficult for OCE executives to manage the organization.

**3. OCE should leverage its statutory autonomy in guiding its internal business operations while balancing its public sector requirements for transparency and accountability.** OCE’s governing legal framework (including the Oregon Constitution, statutes, administrative rules, and policies) provides OCE with a significant degree of autonomy and decision-making discretion on internal organization and operational processes. As such, OCE should build on this strength to make continuous improvements in its internal operations and processes by developing new internal policies for financial accountability of discretionary funds. OCE should adopt immediately policies and processes that would ensure it is in compliance with ORS 421.359 which states “all income and revenues generated or received by Oregon Corrections Enterprises shall remain within, and are continuously appropriated to, Oregon Corrections Enterprises” for the purposes of discharging its functions and duties.

During the most recent biennium of 2009-11, OCE’s revenues were \$43.5 million, primarily earned by the sale of goods produced and services performed by inmates. Although an independent audit firm audits OCE annually, it does so primarily through a business lens, with a focus on financial issues and OCE’s compliance with its mandate to be self-sustaining. Such audits typically do not address larger questions – e.g., as to whether OCE is performing in full compliance with regard to various constitutional and statutory requirements and to what extent its internal controls are sufficient to protect the organization’s resources and operations.

- **Change required**—Develop or strengthen internal financial policies to ensure OCE funds are used in accordance with ORS 421.359, which requires all funds generated by OCE to remain within OCE.
- **Advantages**—Internal controls and processes to track financial transactions would protect OCE from fraud, theft, and other potential misuses of funds.
- **Disadvantages**—Stringent controls can hamper business flexibility.

*For additional discussion of OCE’s statutory context, see pages 12-17 of CPS’s Phase II Assessment Report.*

## *Financial Cost-Effectiveness*

**Conclusion 2— Despite clear constitutional language that all inmate programs be run in a “businesslike” manner – and additional legislative language that OCE operate in a “cost effective manner” without general fund support – OCE and DOC leaders during the last five years have tolerated unacceptably large losses and operating expenses in a few large business lines. This has significantly depleted OCE’s operating reserves – which at present are its only source of “risk capital” to explore and develop new business lines in the hope of employing significantly more inmates – and made OCE excessively vulnerable to increasingly competitive market forces.**

## *Recommendations*

4. **OCE should spend the next 6-12 months optimizing its business operations. To date, OCE’s self-sustaining business units have been able to generate enough net income to cross-subsidize the business units that are not self-sustaining. However, this practice has meant that OCE’s ability to launch other, potentially productive and profitable, business lines has been constrained, since its only source of operating capital for new ventures has been its retained earnings. OCE should a) phase out business lines that are not cost-effective, eliminating unnecessary positions and reducing other personnel-related costs; b) modernize its policies and practices to increase efficiency, and c) invest in its Sales and Marketing team to increase its business opportunities and highlight its positive contributions to Oregon.**
  - a. **OCE should work with DOC to develop a plan to phase out business lines that are not cost-effective.** OCE currently relies on its laundry and contact center operations to cover significant losses from its manufacturing industries, and has done so for over 5 years. These manufacturing business lines (the largest of which is furniture manufacturing) lost \$9.9 million between 2007 and 2012. For fiscal year 2011-2012, OCE service industries generated over \$13 million and had 797 inmates assigned, resulting in a net profit of \$2,854 per inmate. Manufacturing programs generated \$10.1 million in revenue and had 361 inmates working, which cost OCE (-\$5,934) per inmate to keep in operation.

DOC officials strongly support continued operation of these manufacturing business lines, stressing the importance of the role they play in keeping a significant number of inmates occupied, thereby reducing internal security risks (and of course, contributing to compliance with Article I, Section 41's mandate). This may well be true, but it is not the issue here. If DOC management believes the continuation of these efforts is justified, it should assume financial and operational responsibility for them, rather than force a semi-independent agency with a legislative mandate for financial self-sufficiency to continue to incur huge operating losses. Rather than insist on continued OCE operation of these business lines, DOC officials should either decide to discontinue them or arrange for their quick and orderly transition to full DOC control.

Of course, this latter alternative would likely require DOC to obtain legislative funding to continue these manufacturing operations. This would require a full (and arguably, overdue) public discussion of the advantages and disadvantages of such a move, and the relative costs and benefits. Incidentally, discontinuing unsustainable work programs could free up significant space within existing DOC institutions for other purposes, including housing additional inmates.

OCE's current operating budget includes salaries and benefits for nearly 100 FTE. Since OCE has never received state general fund appropriations, total costs of compensation – including salaries, health insurance, PERS, and other benefits – must be financed out of operational revenues. As noted in our Phase II report, these costs have increased significantly, nearly doubling in the last decade.

Given existing market conditions and revenue losses, the need to "right size" the organization by significantly reducing these costs is clear. Even at existing levels of business, a cut of 10-15% of total FTE seems appropriate, given revenue and activity levels. An immediate, and high priority for a newly empowered Advisory Council would be to thoroughly review OCE's existing staffing patterns and salary schedules, to make sure they align with actual and necessary duties and focus on ways to curb the future increase of compensation costs, especially on the benefits side.

Though it must approach this cautiously, and recognize that any potential cost savings likely will only be realized long-term, OCE should actively explore the creation of a parallel, non-PERS retirement option. OCE is already explicitly and statutorily authorized to do under ORS 432.362. Future employees could be immediately covered by such a system, though under Oregon law current employees who belong to PERS could not be compelled to join. However, should such an alternative retirement system be created, OCE management might be able to negotiate with its union – as OHSU and AFSCME recently did at another semi-independent state agency, the Oregon Health Sciences University – a contract that provides significant incentives to encourage existing employees to voluntarily migrate to a new plan.

- **Change required**—In conjunction with DOC, OCE should develop a plan that would either phase-out the unsustainable business lines or transfer ownership and operations to DOC. Additionally, OCE's newly-constituted and empowered Advisory Council should immediately review OCE's overall financial condition and that of each business line and make recommendations no later than July 2013 to OCE and DOC about maintaining or changing operations. Phasing out non-cost effective business lines would require OCE to rebalance its staff and likely eliminate positions. OCE's operating statutes also expressively authorize



it to create a separate pension system, in addition to the existing PERS system, for its employees. While there are both upsides and downsides to adding this option, OCE leaders should actively explore this option, especially given the large, and growing, cost of PERS likely in the next few biennia.

- **Advantages**—Phasing out financially unsustainable business lines and eliminating positions would allow OCE to invest far more of its earned revenue from its profitable (and largely, service) industries—which have been subsidizing its manufacturing lines— into new business lines, equipment, and even education and training programs. Ending unsustainable businesses would free up significant space in DOC facilities that could be used for other work programs, or potentially could be fitted to house additional inmates, as necessary. Reducing staff would save OCE millions of dollars in immediate operating costs and potentially changing its pension plan for future employees could save millions in long-term operating expenses, further enabling it to invest in new ventures. Of course, new successful business lines that generate additional revenue – and significantly increase inmates employed by OCE – would require OCE to hire additional staff. But this can and should be done in an orderly fashion, based on actual needs as determined by OCE management, rather than any other factors.
- **Disadvantages**—Eliminating the five major business lines that lost \$9.9 million over the last 6 years would require OCE to cut 361 inmate positions and significantly downsize OCE’s staff. Further, ending woodworking and metal manufacturing would require OCE’s current customers for these goods – primarily the State of Oregon Parks and Recreation Department, Oregon’s Department of Transportation, and the Oregon University System – to find alternative manufacturers for furniture, park amenities, and road signs. This could potentially increase their costs and/or require them to contract with businesses outside of Oregon or even the U.S. for these products.

**b. As OCE executives phase out OCE’s money-losing work programs, they should standardize and modernize policies and practices across business lines and worksites to increase efficiency and better emulate human resource management practices outside of prison settings.**

Standardization of practices across OCE business units could facilitate organizational modeling economies of scale and workforce flexibility. Although each DOC correctional institution has its own culture, shaping OCE work programs to be as similar as possible could assist with planning and efficient operations. In the same way that some private companies have become more competitive through a “chain store” model, OCE could use its size as an advantage – replicating what works, eliminating what does not and avoiding “reinventing the wheel” at each worksite.

Pursuing new business lines that are complementary to existing ones and replacing incongruent ones could be part of this strategy. In addition, by revamping the inmate work assignment process to better emulate the private sector, OCE’s work program participants would be better prepared to secure employment upon release. This should include identifying qualifications for each position, developing job descriptions, recruiting inmates with previously identified qualifications that meet OCE’s selection criteria (which would require changes to DOC’s intake and assessment process), and a formal application and interview processes.

- **Change required**—Develop and implement standardized processes to increase business efficiency across all work programs and adopt modern human resource practices for inmates that emulate traditional job search and hiring practices.
  - **Advantages**—Adopting modern policies and practices and standardizing them across business lines would maximize efficiency for OCE. Adopting modern human resources practices for hiring inmates increases the efficiency of the process and helps inmates develop job skills that could help them develop pro-social behaviors and be beneficial to them upon release from prison.
  - **Disadvantages**—Different institutional cultures and current practices at correctional facilities and OCE worksites may make standardized processes difficult to implement. Additionally, stringent policies can limit discretion and management flexibility.
- c. OCE should develop and then execute a far more robust and integrated Business Development, Sales and Marketing strategy. In a highly competitive environment – where even OCE’s successful business lines face increased competition – such a strategy is essential to OCE’s success in developing new business and education partnerships. Such an effort will also require OCE to better articulate and highlight its contributions to Oregon—including economic growth, public safety and inmate accountability, and work force education.**

Though it’s currently a \$25 million/year enterprise – and one that could and should be double or even triple that by decade’s end – OCE’s current sales and marketing efforts can best be described as “anemic.” Of 100 current employees, we found just 4 – and the equivalent of about 2.5 FTE – to have any direct responsibilities for cultivating new business, closing sales, or even primarily focused on expanded opportunities with existing customers.

It is true that OCE operates in a challenging environment; there are powerful political reasons, in addition to explicit Constitutional language that preclude existing and future OCE business lines from competing directly with existing Oregon businesses or organized labor.

But what is arguably a unique disadvantage for inmate-work enterprises such as OCE is also coupled with a tangible business advantage: access to a relatively low-cost workforce, even after factoring in additional costs due to the unique demands of managing inmate labors such as additional security-related costs.

As OCE’s management has long recognized, the key to successfully “threading this needle” in such a difficult landscape is finding opportunities where there are few or no private, Oregon-based alternatives, and/or where there is valuable work that otherwise arguably would not get done at all. OCE’s management has also recently forged some tangible, seemingly “win-win” partnerships with entities that have traditionally been wary of OCE expansion. For example, OCE recently established a partnership with the AFL-CIO to offer hands-on work skills training, personal budgeting, financial literacy, and soft-skills training, such as interviewing and resume preparation, to 80 minimum and medium security female inmates.

In stark contrast to a typical private business, OCE must do far more than convince potential customers its prices are lower and/or its services are better. It must also forge mutually beneficial partnerships with other key players, actively work to identify those opportunities that pose little risk to displacing existing, private businesses or workers, and pursue work with a high potential to create added value and contribute to Oregon's economic growth.

A subsequent recommendation (#6) will detail some of those business line possibilities. But in such a complex environment, the importance of a truly robust and integrated Business Development, Sales, and Marketing plan is even greater. Yet while OCE currently spends the equivalent of about 3% of total revenue in this arena, it is not atypical for comparable private sector service delivery and manufacturing enterprises to spend 10%.

While OCE's statutory purpose is to help DOC meet the constitutional goal of providing productive work opportunities for inmates, it could also do more to raise its profile among potential business and education partners and with the general public. Over the last decade, OCE has kept a low profile, so as not to interfere or compete with local businesses. However, in order to increase its business opportunities, develop partnerships, and promote the positive impact it has in Oregon, OCE must market itself to the public and to potential partners.

For example, OCE's success with contact centers has actually helped "pull back" many jobs that had previously gone out of state or even overseas. This has helped keep dollars in the state, while giving inmates marketable skills to help them transition to productive roles upon release. In addition, OCE's new Career Readiness Center at Coffee Creek Correctional Facility intends to rely on community partnerships with local businesses and nonprofit organizations to provide 'internship' type opportunities for inmates in training. However, OCE does not currently have a targeted outreach strategy for engaging potential partners, identifying new customers, or marketing its products. Highlighting the positive role OCE plays in Oregon could help reduce opposition to OCE's business activities while raising awareness of its capabilities among potential partners in the public, private and nonprofit sectors.

- **Change required**—Although OCE currently has a four-person Sales and Marketing team, we could not find evidence that its outreach includes strategic efforts to build partnerships and raise OCE's public profile. OCE executives should invest in sales and marketing and direct the team to develop strategic marketing and public relations plans with the primary goals of increasing new business, expanding customers for current businesses and developing partnerships for business and education programs. These plans should also aim to raise the public's awareness about the positive impact OCE work and education programs have.
- **Advantages**—Investing in strategic sales and marketing would increase business opportunities, increase customers, expand business interest in working with OCE, increase partnership opportunities for internships and other educational programs, and inform the Legislature, businesses, and the general public about the positive impact OCE has on inmates lives and on Oregon's economy.
- **Disadvantages**—Increased visibility may lead to increased scrutiny and negative attention on OCE by businesses, labor unions, and the legislature due, in part, to a perception that OCE takes potential jobs from private sector businesses and workers.

*For additional discussion of OCE's financial and business issues, see pages 23-34 of CPS's Phase II Assessment Report.*

## *Work and Related Programs*

**Conclusion 3— OCE could double or even triple its capacity – reaching as many as 4,000 inmates working in its programs by decade's end. Given DOC's declining ability (even with existing OCE programs) to meet existing legal mandates to employ its eligible inmates, such an expansion is arguably necessary just to keep pace with rising prison populations. But these twin goals – increasing DOC's overall compliance, and OCE's significant expansion – are possible only if OCE and its operating partner (DOC) are willing to fundamentally rethink and change a number of their current business processes and operations.**

## *Recommendations*

- 5. OCE and DOC should align and integrate OCE and DOC-run education, work training, and treatment programs.** During the 2011-13 biennium, OCE will earn and spend approximately \$50 million for its work programs, while DOC will spend approximately \$23.1 million (\$15.1 million of it in state general funds) for its own collection of education, treatment, and vocational training programs. To a notable extent, this wide range of programs is a scattered and uncoordinated hodge-podge of initiatives, which could be re-arranged into a far more integrated and unified system to maximize effectiveness and impact on public safety.

With 93% of the current inmate population slated for release at some future date, the imperative of making these programs as cost-effective as possible has never been greater. What is lacking is an explicit "continuum of interventions," designed to systematically move inmates through needed steps – for example, earning a coveted OCE work assignment based on successful obtainment of a GED, completion of substance abuse treatment (where applicable), and demonstrated work training success.

One promising framework for such an approach was deployed in Washington State, where various programs are classified into one of four different steps along what might be called a "full spectrum of job readiness and training". These steps are:

- "Basic skills" – GED, high school, community college level education
- "Life skills" – beating alcohol and drug habits, staying sober
- "Work skills" – acquiring and practicing the basic habits of successful work: promptness, attentiveness, concern for quality, customer-service, initiative
- "Trade skills" – acquiring and practicing specific knowledge related to a particular domain of work – whether it's fabrication, data organization and analysis, provision of services

OCE and DOC should develop a framework of services, similar to the one used in Washington State, to ensure that the right services are offered to the right inmates at the right time, for maximum effectiveness. The process should also result in the elimination of duplicative programs or programs that are not cost-effective.

- **Change required**—OCE and DOC must work together to determine the types of services they will offer, to whom they will be offered, and what performance metrics they will use to measure success. It will require DOC and OCE to work closely together to assess inmates and move them through the spectrum. It will require active input from OCE’s new Advisory Council.
- **Advantages**—Developing a strategic framework of aligned services will likely have a greater impact on public safety (see Conclusion 4 and its recommendations for additional discussion on public safety), and will save money by eliminating programs that are not effective or efficient.
- **Disadvantages**—Aligning and integrating programs will require careful management and accounting, as ORS 421.359 prohibits commingling of funds by DOC and OCE.

**6. Expand and diversify industries and contracts. Pursue new opportunities with public sector agencies and private sector partners.** While OCE has historically met its statutory mandate to operate as a self-sufficient organization in every year since its 1999 creation, its ability to do so in the future is in question. After 5 years of significant growth – from about 700 participating inmate workers in 2001 to 1,200 by 2007 – OCE growth since has been flat, plateauing at approximately 1,200 inmates. For several years, OCE has heavily relied on earned income from its laundry and contact center operations to cover significant losses from its manufacturing industries. Even within its most profitable business lines of laundry and contact center services, changes and increased competition in the market could significantly, and quickly, affect OCE’s size and its ability to remain self-sufficient.

Article 1, section 41 of the Oregon Constitution states that “The intent of the people is that taxpayer-supported institutions and programs shall be free to benefit from inmate work. Prison work programs shall be designed and carried out so as to achieve savings in government operations, so as to achieve a net profit in private sector activities or so as to benefit the community.” While these provisions apply to all inmate work programs, since its 1999 creation this section has also provided a blueprint for OCE to follow in developing new inmate work programs.

Based on a reconfiguration of existing expenses, input from the Advisory Council, and the adoption of a new and integrated sales and marketing plan, OCE can do a far better job in proactively pursuing new opportunities with the public, private, and nonprofit sectors to expand and diversify its operations. While specific opportunities need to be evaluated as part of a comprehensive plan, several areas in particular stand out for their potential promise.

**Reducing the cost of Government** – Section 41 further declares, “[e]very state agency shall cooperate with the corrections director in establishing inmate work programs.” Currently, however, less than 20% of total OCE revenue derives from contracts with the DOC. According to the National Correctional Industries Association (NCIA), OCE receives less support from its state department of corrections than any other prison industries program nationally. OCE should do more to utilize this Constitutional requirement by aggressively seeking new partnerships with DOC and other government entities that could either re-direct already outsourced revenue to OCE, and/or dramatically reduce the cost of government. For example, although comparable research on Oregon does not exist, a recent study found that 36 of 41 government agencies in Washington State were outsourcing work overseas.

Some of these potential partnerships involve the operation of Oregon Department of Transportation (ODOT) maintenance facilities and sign manufacturing. Other potential partnerships include working with the Department of Administrative Services in such areas as expansion of printing services, operation of the state motor pool and surplus property facilities. Within the state system there are also several hundred call center operator positions that could be transitioned to trained inmates, at a fraction of the cost.

Though such opportunities likely will require care and mitigation measures there is ample precedent that such transitions can be done in ways satisfactory to security concerns and the needs of displaced workers. In its earlier days, DOC successfully operated minimum-security inmate work crews outside DOC walls. Secretary of State's Corporation Division began using inmate contact centers in the mid-1990s, and re-assigned existing employees to other tasks.

Another area of high potential for OCE is as a "career readiness" training provider that contracts with institutional-based public entities. OCE has operated work skills training programs for several years, and is actively seeking state licensure as an official trade school. Once this designation is achieved, OCE would be able to provide "career readiness training" services under contract with agencies such as DOC, the Oregon Youth Authority (OYA) and the Department of Human Services (DHS). County jails and corrections divisions could also contract with OCE to provide career readiness services on a cost effective basis. These services have the potential to be offered at significant less expense by OCE, to other state agencies and local government entities, because they can be offered in context of OCE's other, self-sustaining work programs. This would significantly reduce the operating overhead costs that typically are much higher with other career readiness contract providers. These services would generate new revenue that OCE could then invest into new business lines and career readiness training programs, in turn resulting in additional work and training positions.

**Private partnerships** – Significant opportunities exist for OCE to deploy inmate work crews and work camps, operated in partnership between OCE and DOC. In such an arrangement OCE would focus on the business arrangements while DOC would focus on security and logistics.

For example, Oregon contains millions of acres of federal, state, county, tribal, and private forest land, offering a multitude of niches for productive (albeit, labor-intensive) work that long has gone neglected or undone. Large-scale thinning operations on both the west and east sides of the Cascades and other remediations that now lack funding or are viewed as cost-prohibitive, could increase the value of remaining timber, while decreasing risks and taxpayer costs of catastrophic forest fires. Other forest-related work includes more intensive management of new growth forests to increase propagation rates, and noxious weed control on public and private lands.

OCE should also actively pursue new opportunities to partner with private sector businesses under the federal Prison Industries Enhancement Certification Program (PIECP). This program pays a prevailing wage to inmates while they're incarcerated, with a portion of earnings withheld and sent to victim's assistance, restitution, court ordered fines, child support, as well paying for room and board. We believe OCE could do more to aggressively market this program to start up and expanding Oregon businesses in which inmate labor would be an appropriate portion of the workforce, especially in industries that experience high turnover positions at the lower levels of their organization. Once inmates leave DOC custody, this would further increase their chances to transition to higher-level positions.

**Benefiting the Community** – Oregon nonprofits offer another arena for OCE expansion. Inmates in Illinois prefabricate homes for Lutheran Social Services of Illinois and Habitat for Humanity, providing low-income families with housing and inmates with work opportunities and vocational skills. In addition to laundry services, other potential services that could appeal to a wide range of non-profit organizations include the manufacture of building products, print and mail distribution, and call center services.

OCE should also conduct a market analysis to explore the feasibility of establishing and delivering an Alternative Incarceration Program (AIP) to deliver intensive job training and transitional job services to released inmates. The Governor’s Commission on Public Safety recently recommended the significant expansion of AIPs to provide an incentive for good behavior and reduce recidivism. If this recommendation is adopted, the DOC will need to significantly expand the availability of AIPs.

- **Changes required**—In order to identify and properly prioritize a wide range of expanded and new business opportunities, OCE funds currently used to maintain financially unsustainable manufacturing business lines and excess personnel need to be reallocated (preferably in consultation with an expanded Advisory Council) for the purposes of business development, marketing, and capital investment. OCE should also develop a communications plan to better educate its stakeholders about market trends and the necessity to diversify its work programs.
- **Advantages**—Expanding and diversifying contracts will allow OCE to continue to meet the statutory requirement to be self-sustaining, to serve a larger number of inmates, and increase its contribution to public safety. Importantly, these changes will also help protect OCE from economic volatility by spreading risk across multiple sectors. Adopting these changes could also contribute to economic growth in Oregon by retaining contracts in the state and generating more orders for materials and complimentary services. Enhancing partnerships with other organizations will also help diversify OCEs services, garner new sources of support, and provide a greater variety of opportunities to inmates.
- **Disadvantages**—Expanding and diversifying industries and contracts are easily said but difficult to accomplish. There are no “low hanging fruit,” particularly within the current economic context of anemic growth and declining government spending. The public and business community are also likely to be more resistant to the expansion of OCE in the current economic climate. Expansion into new industries or markets also inevitably requires risk-taking and potential failures. Finally, diversifying business lines will add more complexity to an already extremely complex organization.

**7. Expand work programs in facilities where OCE currently reaches a smaller proportion of eligible inmates.** Although OCE compares favorably to its national peers with regard to the percentage of the inmate population engaged in a prison industries position, a limited number and proportion of the DOC inmate population have opportunities to engage in vocational education and job training. In addition, work opportunities are not available at all DOC facilities and tend to be concentrated in prisons located in or near Salem, Oregon.

- **Change required**— Determining the appropriate location to expand work opportunities is a multi-faceted decision. We recommend that specific consideration be given to the distribution of OCE programs across facilities when making decisions about where to locate or expand work and training

opportunities. Specifically, DOC Policy 80.1.1, Inmate Work Programs, which was last updated in July 1999 and prior to the establishment of OCE, should be revised to include criteria to be used when determining where to locate or expand new OCE work or training programs. The criteria should seek to balance the need for OCE programs to be self-financing, contribute to Measure 17 mandates, and facilitate offender rehabilitation. In addition, the revised policy should be better aligned with ORS 421.354.

- **Advantages**—Locating new business lines at facilities where a small percentage of eligible inmates are currently working in an OCE site has two key advantages. First, work and training opportunities could be distributed more equitably across facilities and reach groups of inmates who currently do not benefit from OCE training and work programs. This has important implications for offender rehabilitation, Measure 17 mandates, and the Oregon Accountability Model. Second, expanding work opportunities at facilities with a larger pool of OCE eligible inmates provides greater flexibility to meet staffing needs while balancing program stability and the risk principle of effective correctional interventions.
- **Disadvantages**—Cost is the primary disadvantage of expanding work programs in facilities that currently reach a smaller proportion of eligible inmates. In particular, facilities that are located in more remote locations, especially those that are far from the OCE headquarters, require more resources to establish and maintain. Locating new worksites at facilities that do not currently have an OCE program in operation would also entail implementation costs to DOC.

*For additional discussion of OCE's work and related programs, see pages 17-23 of CPS's Phase II Assessment Report.*

## *Public Safety Imperative*

**Conclusion 4— Through more effective operations and the rigorous tracking and evaluation of program results, OCE has the potential to do far more to help Oregon achieve its larger policy goals of promoting public safety and reducing the failure and recidivism rates of DOC inmates released back into society.**

## *Recommendations*

- 8. Establish more reliable and useful performance measures to assess inmates' work skills, employment history, occupational interests, work-related attitudes, and post-release outcomes.** Collecting data to measure performance is critical to support evidence-based practices and maintain program fidelity. Performance measures also provide actionable information about how to improve organizational productivity and effectiveness. Moreover, research has established that correctional programs are more effective when they are matched to the specific needs of offenders and are responsive to the experiences and characteristics that shape their receptiveness to interventions. In order to track success, OCE, in coordination with DOC, should develop better systems to document job placement and employment outcomes of released inmates. This would allow OCE and DOC to measure the impacts of its programs against a wider range of relevant outcomes. OCE should also



implement a data collection protocol to assess participants' work skills, employment history, occupational interests, and work-related attitudes.

- **Change required**—To implement this recommendation, OCE should collaborate with the DOC Research and Evaluation Unit and/or other criminal justice researchers to identify established measures and tools to assess inmates' work skills, employment history, occupational interests, work-related attitudes, and post-release outcomes.

Additional assessment tools could be administered during an inmate's stay at the intake and assessment unit upon admission. For example, DOC already utilizes educational testing provided by CASAS, which also offers workforce skills assessments. OCE could also gather data about inmates' work experiences and attitudes as part of an application or orientation process.

OCE should explore the feasibility of obtaining data about employment outcomes of former OCE participants from county community corrections agencies. Virtually all released prisoners spend six or more months on post-prison supervision. As a provision of the Community Corrections Act, the DOC and county community corrections agencies are directed to operate "a statewide evaluation and information system to monitor the effectiveness of correctional services provided to criminal offenders under ORS 423.500 (Definitions for ORS 423.500 to 423.560) to 423.560 (Local public safety coordinating council)." Employment information about those on supervision is regularly monitored by community corrections agencies and it may be possible to efficiently share these data. OCE should also periodically conduct rigorous, independent evaluations of employment and recidivism outcomes as a standard practice.

- **Advantages**—By assessing inmates' skills, attitudes, and behaviors OCE will be better equipped to match inmates to work and vocational training opportunities based on needs and interests. This will help ensure that inmates who have work-related deficits are receiving interventions that target this existing risk factor. In addition, by tracking changes in work-related needs it will be possible for OCE to better monitor and document their efforts to improve public safety by reducing criminal risks associated with employment and education. This information will enhance accountability and bolster OCE's legitimacy with stakeholders and the public. Richer, actionable data will also facilitate quality control and on-going performance improvement.
- **Disadvantages**—Implementing new data collection protocols requires technical expertise and an investment of time and resources. In addition, steps must be taken to incorporate new data into existing decision-making processes and an organizational commitment to value quantitative data and scientific evidence.

- 9. Revise OCE participation criteria using evidence-based methodologies to maximize inmate criminogenic risk and need level, while minimizing potential for program failure or worksite disruption.** A core tenant of correctional best practices is to match offenders to programs based on their assessed risks and needs. OCE and DOC policies, however, currently favor placing lower-risk, longer-term offenders in OCE work positions – that is, the inmates for whom this particular "intervention" is actually likely to have the least effect, post-incarceration.

Implementing this recommendation requires an important substantive shift in the underlying assumptions guiding inmate participation criteria. Currently, OCE work

assignments are made from a waiting list provided by DOC, which is comprised of the best-behaved inmates. To implement this recommendation, it will be necessary to first establish new normative expectations about the role of OCE work assignments, agree upon a tolerable level of program disruption or turnover, and begin to change the organizational culture around the use of OCE work programs.

The technical information needed to implement this recommendation can be obtained by conducting an empirical analysis to identify a set of inmate characteristics that predicts program adjustment and work stability while maximizing participants' level of risk and need. OCE should collaborate with the DOC Research and Evaluation Unit or independent researchers to create and validate new participation criteria.

- **Change required**—DOC policy 80.1.1 (Inmate Work Programs) was established prior to the creation of OCE and appears to have not been revised in over a decade. We recommend it be revised to clarify the processes guiding participation in OCE sponsored programs, including the specification of new eligibility criteria and procedures for applying to OCE programs. Finally, OCE procedures, internal documents, and promotional materials require revision to fully implement this recommendation.
- **Advantages**—Adopting this recommendation will increase the potential effect of OCE programs on public safety and better align OCE with the principles established in ORS (Evidence-Based Practices) and national trends toward greater emphasis on the role of correctional industries programs in reducing criminal offending.
- **Disadvantages**—Implementation of this recommendation will require significant changes to the organizational culture of OCE. Managing the human dynamics associated with changing eligibility assumptions and policies—changing the expectations of inmates and addressing the concerns and ideas of OCE and DOC staff—will require careful attention and consensus building.

**10. OCE should improve effectiveness with female inmates by increasing work opportunities at CCCF and adopting gender-responsive interventions, practices, and policies.** OCE provides work opportunities to a disproportionately low number of female inmates. Only 3.2% of OCE workers are female, whereas females make up 8.8% of the DOC population. One reason for this: female inmates are three times more likely than male inmates to be excluded from OCE work opportunities based on the offense for which they were incarcerated. For example, current OCE policy excludes inmates convicted of a broad list of non-violent crimes (e.g. fraud and identify theft) from participating in OCE work involving access to telephones or computers, such as contact center work. This clearly has a disproportionate – and arguably discriminatory – effect on female inmates, especially since there seems to be little or no evidence that solely the means of committing a particular crime like stealing money – in isolation from all other risk factors – is a valid basis for predicting which offenders will abuse the use of telephone or computer technology on the job.

A recent review published by the National Institute of Corrections (NIC) found that poverty and economic insecurity are major motivators of female offending. “Generally, female offenders are underemployed and unemployed, work fewer hours than men, make less per hour than men, and are often employed in temporary low-level occupations or entry-level positions with little chance for advancement” (Flower, 2010, p. 12). NIC advocates the provision of employment programs for women and the use of gender-responsive services that recognize the unique needs of female inmates.

OCE should also consider assessing the occupational interests of female inmates to help inform the expansion of training, education, and work programs. For example, access to childcare is a major occupational barrier for formerly incarcerated women, who are more likely than male inmates to have physical custody of children and primary responsibility for childcare. Occupations that allow women to work flexible or part-time schedules are often more attractive and pragmatic for women.

Research suggests that vocational and educational training provided to female inmates is more effective when paired with interventions that also target self-efficacy, time management, problem solving, and general life-skills. OCE should incorporate some or all of these additional interventions into the vocational, educational, and certification training provided to females inmates.

- **Change required**—To provide equal access to work and training opportunities and improve effectiveness with female inmates it will be necessary to remove barriers to participation, expand work and training opportunities for female inmates, and improve retention and effectiveness with women.

DOC and OCE policies that restrict participation in work assignments involving computer or telephone access should be refined and validated using empirical criteria and objective measures of risk rather than offense codes. This recommendation falls within the current scope of Administrative Rule 291-086-0045 (Automation Access), which only explicitly excludes inmates convicted of “computer crime or documented violation of this rule.”

- **Advantages**—Adopting gender-responsive strategies and policies has the potential to improve effectiveness with female inmates, resulting in greater participation in OCE programs, better post-release employment outcomes, and lower levels of repeat offending. Addressing the disparity in OCE opportunities for female and male inmates will also help OCE better comply with Administrative Rule 291-006 (Discrimination Complaints).
- **Disadvantages**—Increasing work and vocational opportunities for female inmates is limited by a “diseconomy of scale.” It is less expensive per inmate to provide services to male inmates because costs are distributed among more individuals.

#### **11. Train OCE staff working directly with inmates in core correctional practices.**

OCE should build organizational capacity to target criminogenic needs and integrate core correctional practices into existing programs. Core correctional practices are a set of cognitive behavioral strategies derived from social learning theory that are effective at changing criminal behavior. At every opportunity, OCE staff can teach, rehearse, and reinforce pro-social skills and attitudes.

- **Change required**—Implementing evidence-based practices requires the development of new skills, a high level of motivation to support the change, attention to organization issues, and a plan to reduce concerns about the proposed changes.

Training to develop OCE staff knowledge and skills in core correctional practices is available at low cost or even no cost from the National Institute of Corrections. In addition, OCE should explore other professional training curriculums and opportunities such as those provided by the University of Cincinnati’s Corrections Institute.

In addition to developing proficiencies among staff who work with inmates, the Addiction Technology Transfer Center Network (see *The Change Book*, 2010, p. 12-13) reminds us that successful adoption of new intervention models requires:

- Policies that provide incentives for adopting innovative changes
  - System administrators knowledgeable and supportive of the proposed innovations
  - Agency directors willing to adapt their service designs to a new model
  - Supervisors skilled in implementing new practices
  - Opinion leaders who endorse the proposed system change
  - Service providers with the knowledge, skills and attitudes consistent with the delivery of new practices
  - Opportunities for staff input and feedback
  - Opportunities for client input and feedback
- **Advantages**—Adapting evidence-based practices would enhance OCE’s effectiveness by improving inmate employment outcomes and reducing the likelihood of reoffending. Similarly, adopting this recommendation will further align OCE with the objectives laid out in the Oregon Accountability Model and ORS 181.515 and 181.525 (Evidence-Based Programs). Although it is important to select interventions such as vocational training or cognitive-behavioral interventions with proven records of effectiveness at reducing crime, it is equally important to employ and train staff who are skilled in core correctional practices. Indeed, program effectiveness is often dependent on the skills of staff and their ability to implement evidence-based interventions with high levels of fidelity.
  - **Disadvantages**—Implementing new practices inevitably results in a degree of resistance. Continuous and multifaceted efforts to maintain and support the use of new skills and approaches to interacting with inmates are required to sustain this recommendation.

**12. OCE should continue with the development of “Career Readiness” training programs and strengthen the bridge between its services within correctional facilities and successful inmate reentry into society. A key part of this recommendation is to forge effective relationships with established nonprofits that understand the challenges encountered by ex-offenders outside of the correctional facility context.**

OCE started developing its work skills certification program in 2004. This year-long program is a mix of on-the-job training during inmates’ work assignments, coupled with independent study done while the inmate is off work. Progress exams are administered throughout the year-long program that ensures that skill sets are being achieved.

OCE has operated a variety of pilot programs over the years designed to compliment this work skills program. For example, OCE has partnered with Pathfinders, which provides services to inmates as part of the inmates’ workday; with Chemeketa Community College to help inmates work toward their GED; and with Better People, a non-profit organization that helps ex-offenders obtain living-wage jobs once released from prison. For several years, OCE has contracted with DOC to operate a program at the Eastern Oregon Correctional Institution called “F-1” that offers work skills training to inmates that have severe mental health issues.

Recently, and most ambitiously, OCE launched a new “Career Readiness Center” in partnership with the AFL-CIO. This year-long CRC program currently offers hands-on work skills training, personal budgeting, financial literacy, and soft-skills training, such as interviewing and resume preparation to 80 women inmates at Coffee Creek Women’s Correctional Institutional.

OCE is currently pursuing state licensing to become a trade school. Once this status is achieved OCE could then offer career readiness training services, at a competitive cost, to a variety of institution-based populations around the state. These services have the potential to be offered at significantly less expense by OCE, to other state agencies and local government entities, because they can be offered in the context of OCE’s other, self-sustaining work programs. This would significantly reduce the operating overhead costs that typically are much higher with other career readiness contract providers. In essence, OCE has the potential far beyond its own operations, to leverage its expertise and business model in career readiness services for the benefit of a far larger range of prospective clients.

- **Change required**—To implement this recommendation, OCE should adopt a clear set of objectives it could achieve by working with community partners. The administrator should appoint a policy committee (per ORS 421.349) or direct key staff to develop strategic relationships with nonprofits doing reentry work, county community corrections staff working with ex-offenders, community colleges and other public safety groups that would help OCE meet its objectives regarding public safety and re-entry.
- **Advantages**—Building partnerships with public safety organizations would help OCE have a greater impact on re-entry and public safety without necessarily increasing its staffing or organizational expertise in those areas.
- **Disadvantages**—At present, OCE is struggling to operate the programs, services, and businesses it provides within correctional facilities. Embarking on new program areas before it has strengthened its current operations puts OCE at risk for not focusing on its most essential priorities.

*For additional discussion of OCE’s public safety, see pages 34-38 of CPS’s Phase II Assessment Report.*

## “Beyond Mission” Conclusions and Recommendations for Leveraging Career Readiness Institutional Services

In 1999, when the Oregon legislature created OCE, this new semi-independent agency was essentially given a “three pronged mission: “...1) “promoting public safety” by 2) “providing DOC inmates with meaningful work experience” and doing so 3) “in a self-sustaining organization” (See ORS 432.354).

This has proven a complicated task, especially given the long-standing ambiguities about the exact boundaries and rules governing the OCE/DOC partnership. For the most part, however, OCE has largely proven to be a success, despite some important missed opportunities over the last 13 years. It has nearly doubled in size, and still has over \$4 million in operating reserves. Though significant – and likely, growing – challenges loom ahead, those responsible for creating, managing, and working with OCE to ensure its demonstrated success viz. the three-pronged mission noted above have much to be proud of.

The 12 preceding recommendations reflect the language in the PSU/OCE Interagency agreement for this engagement, which is to help identify ways to make OCE in the future “more robust and responsive to Oregon’s current “wicked” challenges within the current OCE mission.” However, Item 6 of the PSU Scope of Work also specifically asked this question: “What is the potential for expanding the OCE mission by offering additional services to the DOC, but also services which could be offered to other agencies?”

In our Phase II report, our team introduced this strategic issue under the heading of “Long Term Transformational Opportunities”. We stated,

“Long-term transformational opportunities represent potential improvements that could extend beyond the next few years, and possibly even expand OCE’s current mission. The successful implementation of any strategies in this category requires the support and approvals of many key OCE stakeholders; some could even involve statutory and policy changes” (Page 47).

The PSU team concluded that significant potential exists, not just to improve on OCE’s existing model, but to expand and leverage it further. Hence our last, and final, conclusion and recommendation:

**Conclusion 5: Oregon’s urgent government reform requirements – for improved public safety combined with fiscal discipline and efficiency – make this an opportune time for executive and legislative decision makers to consider leveraging OCE’s hybrid public enterprise model for the integrated provision of career readiness services for a broader range of challenged institutional populations, beyond the confines of DOC prison inmates.**

The advent of 2013 finds approximately 14,200 inmates currently incarcerated in Department of Corrections facilities. But this number is just a small fraction of all citizens whose lives are subject to some level of governmental-funded confinement and/or supervision.

Among Oregon’s 36 counties, about 7,000 more currently reside in local jails, serving sentences of up to 1 year in length. While about 93% of DOC inmates will *ultimately* return to society, almost 100% of these inmates will *imminently* return. Another 1,800 juveniles currently reside within Oregon Youth Authority (OYA) facilities.

In addition, approximately 31,000 residents are under formal supervision (many of whom have been recently released from these institutions and now live in Oregon communities). They are supervised by government officials through felony-probation, parole, and post-prison supervision systems. Many community-based nonprofits work with these populations.

While each of these Oregonians’ situation is different, all fall within a definition of what could be called “Challenged Populations.” Whether or not they bear any (or all) personal responsibility for the government intervention that is (or was) confining their freedoms, they are citizens who live in our communities. Most are expected to – and want to – eventually live independently, in a self-sufficient manner. Though many will be entitled to some government assistance, most will need to find – and keep – some kind of productive work.

Coming off the worst economic recession in 80 years, working Oregonians who don’t fall within these groups may have little knowledge of – much less much sympathy, especially current or ex-prison inmates – for the particular job and career challenges faced by the citizens within these challenged populations. But simply in terms of society’s shared economic interest in reducing their dependence on tax-financed resources, there are powerful reasons to create and operate cost-effective, integrated programs (both public and private) to make all citizens better able to find and keep remunerative work.

By following the recommendations described so far, Oregon Corrections Enterprises can be far more effective in serving one sliver of this population: current inmates in DOC's 17 existing institutions. By then studying and further refining this improved model of a publicly chartered entity, Oregon also could significantly improve its larger ability to educate, train, and prepare for work a far larger portion of its various challenged populations.

## *Recommendations*

### **13. Oregon's executive and legislative decision makers should consider adapting OCE's hybrid public enterprise model for the integrated provision of career readiness services across a broader range of challenged populations under the care of the state.**

This recommendation necessarily must start on a precautionary note. Before it can even be contemplated to leverage and refine OCE's model beyond the world of inmate work and training programs, OCE, its DOC partners, and Oregon policy-makers must first work effectively together to put OCE's current operations on a cost-effective and sustainable path

That said, we believe significant opportunity exists to take full advantage of a broader "beyond mission" reform opportunity that focuses on the integrated provision of targeted and evidenced-based career readiness services across DOC and other state institutions such as the Oregon Youth Authority (OYA), the Oregon State Hospital, and local jurisdiction community corrections systems. This "beyond mission" strategy would certainly include OCE's aggressive expansion of opportunities for work and related education and training services for DOC inmates in ways described in our "within mission" recommendations.

But we also recommend the state actively and concurrently explore an even more ambitious scenario: scaling up (in a phased manner) OCE's innovative and businesslike operations to include serving citizens in a number of other taxpayer supported-institutional care settings throughout Oregon.

Even amidst significant ambiguity, limitations, and organizational constraints within the DOC institutional setting – difficult circumstances by any measure – OCE has demonstrated the value and potential of its "public enterprise hybrid approach." Since its creation, OCE has provided work opportunities for more than 10,000 individual inmates, generating more than \$200 million in earned revenues. Though some of that revenue has arguably been "captive" – e.g., the state buying OCE-made furniture for its new prisons, from inmates working in its existing prisons – OCE has nonetheless managed to operate "in the black" for 12 consecutive fiscal years.

Earlier, we outlined recommendations to help OCE grow from 1,200 employed and/or trained inmates annually to 2,500 or even 4,000, while remaining true to its "self-financing" mandate. This recommendation contemplates an even more ambitious increase in OCE's size and reach. Additional workers would be drawn from state institutions managed by the Oregon Youth Authority and, possibly, the Department of Human Services. These entities could certainly also be "new customers" for various goods and services – not to mention promote them to their own networks of local government entities and community-based non-profits and other partners.

Such a vision might be dubbed an "Oregon Career Readiness Enterprises (OCRE) approach, whose purpose would not just be to integrate many disparate systems and

siloes institutions spread across numerous government entities. Even more important is the potential this approach has to identify and then “rationalize” how best to move members of various challenged populations through the various stages of life skills and career preparation – and then rigorously track their progress over time, using the data to continually improve program offerings (including the elimination of those that prove ineffective).

Many of these citizens need basic education at the high school level. Others will need drug/alcohol treatment, or mental health counseling and therapy. Most will benefit from specific, vocational training in addition to on-the-job training. And in many cases, participants will need many (or even all) these things, to even have a fair chance of a modicum of success once released from government custody.

Of course, this would be no small undertaking, and one that could easily succumb to excessive bureaucracy and unrealistic expectations. This is why a “self-sustaining, enterprise-based model” such as OCE’s is crucial to have at the core of any such effort, to encourage creative and innovative thinking to maximize activities that would be economically self-sustaining, with no “net costs” to taxpayers.

It is inevitable, however, that many discrete activities within such a world would not yield immediate economic returns. Indeed, many current “career readiness related activities” within DOC and even OCE today require up-front costs, without yielding revenue – e.g. it costs more to provide high school education for inmates than simply watching them in their cells. Whether the immediate costs are labeled “expenditures” or “investments” in the budgeting process, it’s essential to recognize them as such, and to then create and apply far more rigorous evaluation methods than currently exist to determine what might be called “Societal Return on Investment (SROI).”

Such an SROI model, by definition, would look at a “continuum of interventions,” and how these might combine to affect life and career success once individuals leave government custody. It would also help identify the most cost-effective timing and combination of interventions.

Especially when modified as suggested earlier, we believe the model OCE has pioneered offers a plausible and workable foundation upon which to build such an “Oregon Career Readiness Enterprises” framework. And by integrating currently disparate efforts around a common goal – maximizing the potential benefits (and minimizing future societal and taxpayer costs) of government-paid institutionalizations for various challenged populations – it also aligns with current efforts to make budget decisions more aligned with long-term outcomes and results.

An expanded Oregon Career Readiness Enterprises would need an independent Board of Directors with broad representation from public, non-profit and business entities. Like several other public enterprises in the State of Oregon, a successful OCRE would require the long-term governance functions associated with an independent governing board with broad-based representation that oversees its policy, strategy, and finances. The creation of such an independent board, its members appointed by the Governor and subject to Senate confirmation, would not just ensure proper oversight and public accountability, but could play a key role in enlisting the active engagement of key stakeholders in the success of such an ambitious enterprise. In addition to public members drawn for their expertise, key government leaders should be enlisted – e.g., the Directors of DOC, OYA, DHS, county officials, and others who oversee significant populations of institutionalized populations.



- **Change required**—Should OCE itself be used as the core “building block” for such an “Oregon Career Readiness Enterprises,” major changes would certainly be required. The name would certainly need changing, as well as OCE’s current mission statement: “...promoting public safety by providing DOC inmates with meaningful work experience in a self-sustaining organization.” OCE’s governing statutes would need significant revision. Legislation would certainly need to be passed to establish such an independent board whose members would either be statutorily designated (e.g., the Director of the DOC) or appointed by the Governor and subject to Senate confirmation. The Executive Director of any such entity should also be appointed by the Governor, subject to review and input from the Board, to better ensure clear lines of accountability.
- **Advantages**—An integrated approach to government-funded career readiness programs for institutionalized populations could improve efficiencies of institutional care while reducing taxpayer costs associated with “unsuccessful societal reentry experiences.” The expansion of “self-sustaining” enterprises to employ more people would help reduce taxpayer-funded operating costs, and more successful re-entry experiences could also reduce the number of (or at least delay the construction of) new facilities. This recommendation also is closely aligned with the Governor’s outcomes-based performance approach across state government institutions, which encourages the elimination of siloed operations and realizing maximum economies of scale in State operations. A strong and engaged Board would provide such a new “OCRE” (or whatever it might be dubbed) with objective oversight and expertise.
- **Disadvantages**—The implementation of this recommendation is complex and involves many political officials and societal stakeholders. The successful enactment of this strategy will require high levels of political commitment, courage and perseverance. Oregon’s business, labor, and even non-profit leaders could view such an ambitious effort with alarm; the ability to understand their legitimate concerns and enlist their support would be a key component of success.

## Action Implications

OCE is receiving CPS’s final Phase III report on 11 February 2013. With this report, and the report’s strategy options in hand, the OCE, DOC and other key executive and legislative stakeholders need to engage in a guided dialogue on how best to move forward. “Next practice” experience related to the successful resolution of OCE-type “wicked challenges” argues for the application of a dynamic systems model of policy reform and organizational change. The politics around the implementation of the recommended strategies will be difficult. Charting a pathway forward that is responsible to both community safety and cost-effectiveness considerations requires extraordinary leadership on the part of all concerned. Oregon decision-makers need to find the courage and honesty to recognize that if the state is unwilling to act on this urgent and critical OCE issue, then we will, by default, be failing to grasp a valuable opportunity for better serving both our taxpayers and the challenged populations in the care of our state’s institutions.

Further opportunities exist for additional analysis into OCE’s business strategies, sales and marketing focus, and its impact on public safety and job readiness.

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