

# *Identifying Beneficiaries of PIE Inmate Incomes: Who Benefits from Wage Earnings of Inmates Working in the Prison Industry Enhancement (PIE) Program?*

by  
Thomas W. Petersik,, Ph.D.

## EXECUTIVE SUMMARY

Questions regarding the effects of participation in correctional industries by inmates, especially those participating in the Prison Industry Enhancement (PIE) Certification Program, have seldom been addressed by researchers. In an attempt to evaluate these questions, the National Correctional Industries Association (NCIA) conducted a two-phased research project during the years of 2002 and 2003. Data for the first phase, comparing the performances of PIE to non-PIE inmates both in prison and after release, was gathered by Cindy J. Smith, Ph.D. These results will be analyzed by the National Institute of Justice in 2004 and published at a later date. The research presented here is the second phase of this project and is an evaluation of the financial benefits of PIE inmate wages to society in general.

This research, conducted by Thomas W. Petersik, Ph.D., of George Washington University, identifies the beneficiaries of wages paid to inmates participating in PIE programs. PIE wage rates are legislatively mandated to be the prevailing wage for a particular job in a particular locale in order to prevent displacement of free citizens. The inmates are then guaranteed a minimum of 20% of the wages earned, with the balance being disseminated to cover room and board, and to pay into taxes, victim restitution funds, and family support. Answers to questions about how these dispersed funds benefit taxpayers, businesses, and other non-inmates are an integral part in understanding the full impact of PIE participation.

Completed in June 2003, Dr. Petersik's research indicates that 43% - 47% of wages paid go to the inmate, with the remainder going directly or indirectly to the public sector in the following increments:

- \* 30% - 33% to State households and business taxpayers, mainly due to payments into room and board;
- \* 11% to Social Security and Medicare systems/recipients;
- \* 8% to victims of crime;
- \* 4% to Federal taxpayers;
- \* 3% to unemployment and workers compensation;
- \* 2% to inmates' children.

As gross wages paid to PIE inmates during the second quarter of 2003 totaled \$8,444,089, the disbursement of these funds at the percentages above reflect a significant benefit to the non-inmate general public. In fact, the cumulative gross wage paid to inmates since the inception of

the PIE Program in 1979 totals over \$264 million; thus for instance, a minimum of \$79 million has been reimbursed to the states through room and board payments and slightly over \$29 million has been allocated to Social Security and Medicare. Dr. Petersik also proposes that full employment of inmates at PIE pay rates would result in corresponding increases in funds for all current recipients.

The goal of this research is to enhance the general public's knowledge about the benefits of wages paid for PIE inmate labor, not only to the inmate, but to those who are not incarcerated as well. It is hoped that the results of this research will enable both correctional industry administrators and state legislators to view PIE from a broader perspective, and give them the tools to not only "sell" PIE to private sector businesses, but to educate their neighbors and constituents about the financial gains to be made when inmates earn real wages. Coupled with the pending results of behavior modification while incarcerated and the potential for higher post release employment success rates, this is truly a win-win situation.

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