

SUBJECT: Allowing TDCJ to refurbish data processing equipment

COMMITTEE: Corrections — favorable, with amendment

VOTE: 5 ayes — Haggerty, Staples, Ellis, Farrar, Lengefeld

0 nays

4 absent — Allen, Culberson, Gray, Longoria

SENATE VOTE: On final passage, April 19 — 30-0

WITNESSES: None

BACKGROUND: In 1963, the Legislature directed the Texas Department of Corrections — now the Texas Department of Criminal Justice (TDCJ) — to develop a prison industries program using inmate labor to produce goods. Inmate-made goods were intended to be used within the prison system and sold to other tax-supported entities but not to be allowed onto the open market.

TDCJ's Texas Correctional Industries (TCI) division has responsibility over the production facilities. TCI now operates 42 production facilities and three warehouses. Major products produced by the program include garments such as uniforms for correctional officers and inmates, bedding materials, state license plates and inspection and registration stickers, cleaning supplies, furniture, and fabricated steel for jails and prisons. TCI also is involved in non-industrial businesses such as records conversion, geographic information systems, computer repair, and microfilming.

As of January 1998, nearly 8,000 offenders, about 8 percent of the Institutional Division (ID) population, were assigned to work in TCI facilities. Inmates confined in state jails and transfer facilities do not work in the industries program and are not counted as part of the ID total population.

TCI's customers include ID, the State Jail Division, other state agencies, and political subdivisions such as cities, counties, and school districts. State law requires state agencies and political subdivisions to buy from the prison industries program unless they can buy the item for less from a private

vendor. The General Services Commission reviews the prices and quality of products to ensure that they meet the needs of TCI's customers.

Funding for TCI comes from general revenue appropriated by the Legislature and from the Industrial Revolving Fund. Appropriated funds are used to manufacture goods used by TDCJ. In fiscal 1997, TCI received \$20.5 million in appropriated funds. The revolving fund is used for expenditures related to the manufacture of goods for sale to other state agencies, counties, cities, and school districts. Revenue from outside sales goes into the fund and money is taken out of the fund to pay for the cost of producing the items.

**DIGEST:** SB 1105, as amended, would allow TDCJ to receive surplus or salvage data processing equipment from state agencies, institutions of higher education, or eleemosynary (health and human services) institutions.

When economically feasible, TDCJ would have to repair or refurbish data processing equipment and sell it to a school district, state agency, or other political subdivision of the state in that order of preference. When repair was not economically feasible, TDCJ would have to disassemble the equipment and sell the components or retain them for future use.

All information stored on any data processing equipment received by TDCJ, except for the operating system or software programs installed, would have to be removed before an inmate was given access to the equipment.

The sales price of the components or refurbished equipment would have to be sufficient to defray the cost of repair or disassembly. Proceeds from the sale would have to be deposited in the Industrial Revolving Fund.

SB 1105 would amend surplus property statutes to require a state agency or an eleemosynary or higher education institution that had not otherwise disposed of surplus or salvage data processing and storage equipment to transfer that equipment to TDCJ. The agency or institution could not charge TDCJ a fee or other reimbursement for receiving the surplus equipment.

This bill would take effect September 1, 1999.

**SUPPORTERS SAY:** In helping to reduce recidivism, it is essential that TCI provide labor opportunities that enable inmates to obtain steady, wage-earning jobs once

they are released from TDCJ. One of the fastest growing industries in Texas with a good economic potential is computer hardware repair. The program developed under SB 1105 would help to provide inmates with a marketable skill and also would give schools and state agencies a source of low-cost refurbished data processing equipment.

Current TCI programs allow inmates to refurbish data processing equipment that has been donated to TDCJ. This bill would formalize that process and allow a greater influx of equipment into TCI to be refurbished and sold to schools and to other agencies. Allowing TDCJ inmates to refurbish this equipment would not have a substantial impact on private industry, because few private operations can make a profit by refurbishing used state computer equipment.

Refurbished or repaired equipment is appropriate to be used in schools and state agencies because refurbishing can allow the equipment to function like new. Most data processing equipment is modular, allowing different components to be interchanged. Often if one component is damaged, the other components are still useable, and if the damaged component is repaired, the equipment can be returned to a "like-new" state.

Ensuring that all data stored on the system was removed before an inmate obtained access to the equipment would eliminate concerns about data privacy.

OPPONENTS  
SAY:

Any time inmates are allowed to provide services that other industries could provide, it could affect the jobs of people not incarcerated in TDCJ.

NOTES:

The committee amendment would add the provision that would require that all information stored on the equipment, other than operating system or other software programs, be removed before an inmate had access to the equipment.

A related bill, SB 420 by Shapiro, would prohibit inmates in the prison industries program from having access to any information about persons who were not confined in TDCJ facilities. SB 420 passed the Senate on March 18 and was reported favorably by the House Corrections Committee on April 20.