

**DMV POLICY TASK FORCE FINDINGS &
RECOMMENDATIONS**

Presented to Governor-Elect Mark Sanford

Presented by the DMV Policy Task Force

January 9, 2003

TABLE OF CONTENTS

| | |
|---------------------------------------|----|
| DMV Policy Task Force Directive | 3 |
| Current Status of the DMV | |
| Administration & Customer Service | 3 |
| Technology | 5 |
| Recommendations | 8 |
| Task Force Members | 13 |
| Appendix A | |
| Public Perception of DMV | 14 |
| Appendix B | |
| Justification for Recommendation VIII | 15 |
| Appendix C | |
| Case Studies of Recommendation XI | 16 |

INTRODUCTION

On December 6, 2002, Governor-Elect Mark Sanford implemented a 14-member task force, made up of private citizens, county and state employees, and elected officials, to submit recommendations to improve the Division of Motor Vehicles' (DMV) overall customer service.

The Task Force's directive is to offer solutions to Governor-Elect Sanford to transform the DMV to an efficiently operated state agency that provides a positive experience for all the people of South Carolina.

CURRENT STATUS:ADMINISTRATION & CUSTOMER SERVICE

Customer Base

Because DMV's customer base consists of 76 percent of South Carolinians, 400 insurance companies, hundreds of automobile dealers and wholesalers, 250 statewide law enforcement agencies, financial and lending institutions, and federal agencies, all facets of the organization must be working efficiently to ensure its success (*DMV Status Report*).

Serious Problems

The current state of South Carolina's DMV is alarming. South Carolinians are all too familiar with its inefficiencies - long lines at branch offices, painfully slow mail-in services, inefficient call centers (with two out of five calls going unanswered), a multi-million dollar computer system that is not yet fully-functional, and facilities that are too small, uncomfortable, and are not customer-friendly. South Carolinians know there are serious problems at the DMV.

DMV's immediate pressing issues and concerns are multifaceted: the lack of leadership, questionable technology, the lack of a tactical plan for solving problems, and its workforce.

Longer Lines This Summer

In anticipation of mid-year budget cuts, DMV delayed hiring 82 field office specialist positions planned to staff high volume offices - opting to hire ninety temporary employees. DMV Management has recommended that these ninety people be released. (*DMV publication*). The immediate crisis is this: when the DMV peak season arrives in May, customers will have longer lines and longer waiting times for mail-in services than they did last year. There will be less people to work in field offices, deal with dealer work, suspensions, tickets, mail-in registrations and title requests.

Workforce Concerns

There are workforce problems. Nearly a quarter of its employees leave the DMV before one year of employment and 40 percent of DMV front line employees have been on the job less than two years (*DMV Status Report*), requiring remaining and more veteran employees to take time away from customers to train the newer employees. According to the DMV its workforce is paid 38 percent less than other states that offer similar comprehensive DMV services (*DMV Publication*). This clearly demonstrates that DMV leaders have either created or countenanced a workforce structure that does not engender exemplary customer service.

Employee Surveys

DMV staff members feel that they are overworked, underpaid, under-appreciated, and overloaded with responsibilities with little resources, ill-trained and have limited opportunities in a DMV career path. This opinion was voiced in a recent survey conducted by the DMV. In this survey, one hundred and fifty-five DMV staff (managers, examiners, branch office specialists) respondents included a written notation with the survey explaining what most concerned them about their jobs with the DMV. Of the 155 respondents, 106, or 68 percent, said that they should be paid more for their work and 28 employees, or 18 percent, said that there should be a better incentive package included with their employment. Employees also complained that career paths were not clearly defined or carried out, that management is often ineffective, and that communication between headquarters and the branches is poor.

Call Center Problems

The DMV's inefficient call center leaves 40 percent of the calls unanswered. The call center is staffed with 34 customer service representatives to assist the public with inquiries. As of July 2002, the average number of calls has increased to over 2,000 per day and over 80,000 monthly (*DMV Status Report*).

CURRENT STATUS OF THE DMV - TECHNOLOGY

In order for the DMV to move forward and demonstrate a significant improvement, its technological capabilities must greatly improve. The following is an overview of the DMV's current technology system.

Project Phoenix

Responding to a 1997 statewide government audit of its operations, DMV initiated a study to make service improvements. The Phoenix system emerged and implementation began in June of 2001. The goals include:

1. Alleviate chronic support issues caused by old equipment
2. Install a new digital high-speed communications network
3. Create a relational data base central information system to provide for new services

The creation of a flexible, powerful, relational central data base for license and registration information allows the DMV the infrastructure to perform transactions electronically or through a third party rather than at the DMV branches. The benefits are lower costs, improved services, and increased revenues.

Web Transactions Lag Behind

The value of the new relational database, the heart of the Phoenix system, will only be realized when it is the basis for performing the work of the DMV on a day-to-day basis. The power of this new technology must be utilized to lessen the impact of overall budget reductions.

South Carolina offers only one Web transaction - significantly lagging behind other states. Virginia's DMV, for example, offers twenty-three Web transactions. Electronic transactions provide quicker, more efficient service with less people visiting the branch offices. There are many transactions that could be conducted electronically in the SC DMV.

DMV's management must implement a continuous improvement model to constantly evaluate every DMV transaction and service. The goal is to transform to an electronic business process. The need to visit a branch office should be the exception and not the norm.

Phoenix Implementation – Premature Deployment

In August 2002, the DMV upgraded computer equipment in all of its branches and main headquarters installing 1,525 personal computer and high-speed T-1 data lines to each DMV branch office.

Deploying Project Phoenix required converting the database from the old system to the new system. Extensive testing and success criteria determination was required. Because the Phoenix system was deployed before accurate data conversion was assured, the potential for a successful implementation was decreased dramatically.

DMV management recommended against proceeding with the Phoenix system deployment, according to DMV officials - they were not ready to deploy in August 2002. Although there was significant testing of the underlying system, management wanted more testing of the data conversion process. Price Waterhouse Cooper (PWC), the company performing the Independent Verification and Validation process, recommended against accepting the system and deploying without further data conversion testing. Moreover, the peak DMV traffic season begins in June and ends in the second week of September, with the greatest volume occurring during the first three weeks of August. August was the worst time to deploy this new system. Once deployed, DMV was required to pay the vendor in full. DMV's IT management requested a postponement to a lighter traffic period and to allow for more testing. That request was ignored.

This premature deployment is one of the major sources of DMV's most recent visible customer service problems (August 2001- Dec 2002). However, the problems go far beyond the horrifically long August lines.

The records-conversion from the old data sources to the new Oracle system was operationally flawed. The result: a significant number of taxpayer records were incorrectly transferred to the new system. These mistakes included incorrect addresses, driver's history, liens, and leases. According to a guess estimate given by DMV officials, there may be over 700,000 incorrect records.

The high volume of erroneous data caused significant amounts of duplicative work and taxpayer inconvenience. DMV did not anticipate the high volume of incorrect records and had not established procedures for efficient data correction.

The DMV today continues to struggle with this problem. Because of the very complex nature of the Phoenix system, only highly experienced personnel can research and repair the erroneous data. What may appear to be a simple fix, such as an address correction, could inadvertently transfer a driver's history from one person to the next if repaired incorrectly. As a result of this problem, DMV created a central "TIGER" team of experts to make these corrections.

"Bad Data" problems translate into bad customer service and higher costs from duplicative work. DMV management must prioritize the use of their resources to eliminate this operational problem and clean up the database.

Questionable Design

The Phoenix system may have longer-term problems that could overshadow the current incorrect data problem. Phoenix utilizes four tiers of computer code and is complex for cost effective implementation and support in the DMV environment.

The central repository tier is based on an Oracle relational database. The application tier is based on a CACI mainframe COBOL language tool kit. The communications tier software is based on an IBM's CICS running under MS Windows 2000. The branch computer's client tier is based on a custom written Visual Basic program that is loaded and maintained on each of

the 1,525 branch computers along with a branch Microsoft Access database. All of these layers are running under the Microsoft Windows 2000 operating system.

High Acquisition Cost – High Maintenance Costs

The Phoenix system is unique and one of the most complex DMV systems in the country. Cost for the development thus far is \$57,000,000. The current Phoenix maintenance budget is \$10,000,000 per year, which is 20% of DMV's total budget. This maintenance cost may be higher than necessary due to the complicated design concept employed. A principal vendor on the project recommended against using its product in this mission critical way when running a MS Windows 2000 production environment.

Now is the time to utilize the Phoenix system's strengths to migrate branch transactions to electronic transactions. However vital staff members are maintaining the system and cleaning up bad data. Today, no tactical plan exists for the implementation of Phase III of Phoenix. Relief to the overloaded DMV Branches will only come with Phase III implementation.

The DMV must expeditiously construct and implement a tactical plan setting the highest priority on those activities that improve service, lower costs, and increase revenue. The plan must include training for branch and tech support personnel.

RECOMMENDATIONS

I. Establish the Director of the DMV as a direct and at-will appointment by the Governor. Additionally, the DMV should have a budget separate from whatever Department it is under.

A comparison among three other states' DMVs with similar organizational structures and missions proves that South Carolina provides substantially less to the DMV than other states (*DMV Status Report*).

Each year the DMV serves 76 percent of South Carolinians.

- It is imperative to give the DMV its own voice with a separate budget whereby funding decisions for the effective support of DMV will be more easily identified and applied.

The General Assembly should establish the Director of the DMV as a direct at-will appointment by the Governor.

- As a direct at-will appointee, the DMV Director will be directly accountable to the Governor and the taxpayers of South Carolina. The credibility and stability the agency desperately needs will be restored.

II. Governor-Elect Sanford must immediately appoint a new energetic, creative and independent DMV leader.

Changes at the DMV must be made **now** to avert a worsened critical situation from developing. This leader should be appointed to devote time and full attention to making a reality of the immediate changes this Task Force recommends.

III. Marshal all available resources to correct current data integrity problems and provide for remediation of potential future data integrity problems

Given that this is an immediate crisis, this recommendation should have a clearly defined timeline (3 to 6 months). Specific tasks include:

- Determining and quantifying the extent of current data integrity problems, including establishing a baseline against which future data cleaning efforts can be measured
- Adding more staff to the data cleaning team

- Investigating the possibility of contracting with a third party “data cleaner”
- Investigating the possibility of temporarily loosening data security parameters so that field offices can help fix some of the data integrity problems.

IV. Investigate the possibility of simplifying the current Phoenix architecture.

The current Phoenix system maintenance budget is \$10,000,000 per year and may be reduced by 50% if the complexity of the current four tier system can be simplified.

V. Utilize the full potential of the Phoenix system in terms of planning for and implementing an expansive set of DMV transactions

The more transactions that are conducted electronically and through the Internet, the fewer number of customers at DMV branches.

These transactions could include, but are not limited to:

- WEB/ IVR/ On-line transactions – address changes, duplicate licenses and registrations, viewing status of driving records, viewing third party information, processing law enforcement information, and payment of reinstatement fees
- Insurance company, automobile dealers, and other vendor interfaces
- Electronic titling/ liens
- Digitized tags

VI. Review current IT staffing needs at the DMV

Consider the efficacy of obtaining certain critical IT skills through a third party that can pay/ retain high skill IT employees. Also, investigate allowing the DMV IT director to immediately establish a contract with a third party vendor that would allow the hiring of temporary specialized help as needed (e.g., an IBM WebSphere specialist for one week).

VII. Extend required driver’s license renewal from 5 to 10 years

Extend the length of driver’s license renewal from the current 5 years to 10 years beginning at age 20. A vision test should be required at a person’s 40th birthday and at every second renewal until the age of 65 - at which time the individual would be required to renew his or her license every 5 years.

Currently, SC drivers must renew his or her license every 5 years. In FY 2000-2001, 670,000 individuals obtained a driver’s license at DMV branch offices. Approximately 90 percent of those individuals were renewing their license. By using an average of 1.5

hours (an estimate of the time it takes for individuals to renew his or her license, including travel), the total time spent is approximately 900,000 hours. DMV's cost to provide renewal services was over \$2 million (*Senate Finance and House Ways and Means Base Budget Review*).

The Insurance Institute asserts that age poses no greater incidence of accidents. SC law enforcement agencies noted that longer renewal periods did not pose any safety concerns. Furthermore, states with longer renewals reported no increase in accidents due to physical impairments (*The Insurance Institute for Highway Safety, Senate Finance and House Ways and Means Base Budget Review*):

- 22 states -- less than 5-year renewal period
- 16 states -- 5-year renewal period
- 12 states -- more than 5-year renewal period

VIII. Establish a performance-based motivation and incentive plan aimed at office personnel including all clerk/specialists and office managers.

DMV employee compensation increases must be tied to improvements in productivity and customer service goals. Specifically, the tactical plan should immediately incorporate:

- Pay-raises based on performance and skills rather than seniority
- Training of all office managers and front office employees consistent with that offered in leading quality management programs
- Establishment of a performance measurement system based on productivity and customer service including measures of customer satisfaction

To facilitate customer flows and enhance customer satisfaction at DMV offices, qualified greeters also need to be made a part of each office's operations.

Justification for This Recommendation - See Appendix B

IX. Allow County Treasurers to issue decals and vehicle registrations to taxpayers who pay taxes at the county offices.

DMV and SCATT (SC Auditors, Treasurers, and Tax collectors) should design and implement a plan wherein the County Treasurers issue decals and registrations. A "one-stop-shopping" method will allow taxpayers to pay taxes, and receive decals and registrations from the Treasurer.

The time saved at the DMV branch will more than offset the minimal reimbursement to the Counties.

As an additional timesaver for the DMV, the County Treasurers should be allowed to correct data as they issue the decal.

X. Allow Driver's Education teachers and other certified third party officials to administer and score both written and road DMV driver's license tests.

Implementing this plan will prove cost effective for the DMV by greatly reducing the number of walk-in applicants. The necessary testing will be the culmination of an approved driver's education course. The DMV will establish rigorous guidelines for third party testing.

XI. The DMV call center should be outsourced to the Department of Corrections.

The DMV call center currently answers over 2,000 calls per day in its call center. At least a third of these calls result in hang-ups because of long wait times.ⁱ If DMV assumes outsourcing the call center to a private facility it would cost an additional \$1 million more than DMV currently spends on an annual basis.ⁱⁱ Staff members at field offices are burdened with the additional task of having to answer phones at their stations while assisting walk-up customers. The extra task of answering phones in each field office exacerbates wait times.

The Solution:

As with other states conducting this program, outsourcing the DMV call center to the Department of Corrections would substantially increase the answer rate and decrease the amount of time customers are on hold.ⁱⁱⁱ In addition, it would alleviate pressure on field office staff. Inmates can be utilized during normal DMV hours, on holidays, and after field office hours. Inmates could provide non-sensitive information such as directions to field office locations, hours of operation, and schedule driving test appointments. Five other states currently utilize inmates in their DMV call centers (PA, UT, OR, NY and VT). If fashioned after other states, South Carolina could utilize its inmates in 6 medium-level security L2 and L4 institutions.^{iv} The call center program should be integrated into the pre-existing Prison Industry Enterprise program (PIE).^v

Other possibilities include allowing customers to use this call center, as well, from designated kiosk phones in the branch offices to ask basic questions. Inmates could also be utilized to handle non-sensitive mail.

This concept can be expanded to other state agencies.

Case Studies - See appendix C

XII. Allow third parties to issue tags and registrations at the time of sale.

Allow third parties to conduct business with the DMV regarding the issuance of registrations, and tags.

There are companies that specialize in building interfaces between franchised automobile dealerships and DMVs at no cost to the state - charging the dealers a set-up fee and per transaction fee. Three hundred thousand transactions are involved. Each transaction takes approximately 10 minutes. By implementing this recommendation, the DMV could save approximately fifty thousand man-hours, which equals fifteen full-time employees.

The DMV should identify insurance companies and financial institutions that could electronically interface with the DMV, as well.

XIII. Make DMV facilities more customer-friendly

DMV facilities should be more customer-friendly, including:

1. Greeters in all high-volume facilities. Civic minded volunteer groups should be asked to help in this endeavor.
2. More informative signage
4. Approximate waiting-time clocks
5. Electronic terminals for Web transactions
6. "Call-center" phone kiosks

TASK FORCE MEMBERS

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APPENDIX A

Public Perception of DMV

The following are statements voiced in recent South Carolina newspaper articles and letters to the editor:

- DMV's inability to retain qualified employees:

Almost one-fourth of workers quit every year for higher-paying jobs. One-third [of its workforce] hold second jobs (Greenville News, 12/11/02).

- Long lines at DMV branch offices:

The DMV had another lousy day Thursday, as the average wait at a local DMV office was three hours (Post and Courier, 8/16/02).

The DMV is often plagued by tediously long lines, the likely result of inadequate funding, insufficient staff and a high turnover rate (Greenville News, 12/11/02).

It is a waste of human life that so many people are forced to stand in line for hours at DMV offices (Greenville News, 12/25/02).

- DMV's poor facilities (According to the DMV, facilities in 28 of 46 South Carolina counties need significant renovation, replacement or additional offices.

The women's bathroom didn't work. Three babies began screaming in unison. The overstuffed waiting room felt like a sauna. Worst of all, the average wait was running six-to-seven hours (Post and Courier, 8/6/02).

When I visited the DMV recently, the office was cramped, there was little seating available, and several service windows were not staffed (Post and Courier, 10/15/02).

- The slow mail system:

[DMV mail is] inefficient? incompetent? humorous? You pick the adjective, but do avoid renewal by mail (Post and Courier, 7/26/02).

APPENDIX B

Justification for Recommendation VIII

The front office personnel of DMV provide the “face” of state government for a very high percentage of South Carolinians. To provide a positive experience for the people of our state and to project a professional image, both the systems and employees of DMV must be effective and efficient. Employee attitudes are a direct reflection of motivation and the incentives that provide this motivation. Internal surveys conducted by DMV over the past few years indicate considerable disgruntlement among employees and a potentially devastating decrease in skills relative to what is required to perform effectively. Turnover in the agency, relative to similar operations in other states, appears to be far too high.

DMV management has claimed that employees are seriously underpaid relative to other state employees who perform comparable work. This claim needs to be investigated in more detail, although we recognize that the state will not be in any position to offer substantial increases in compensation in the near future. If employees are seriously under-compensated, however, turnover is likely to remain an important limiting factor in any attempt to improve productivity and customer service. An immediate small increase in pay would signal that the state is serious about improving its image and operations at the DMV.

The overall demands on DMV are also likely to increase in the years ahead as the population of the state continues to grow. If state funding of DMV is to remain fairly level and employees are to receive fair increases in compensation, individual and system productivity will have to increase. The systems which support transactions and employee productivity will need to improve as will the skill levels of employees. This issue is discussed in length in other parts of this report.

Nevertheless, training and management-employee relationships will be integral to achieving both productivity and customer service improvements. Although DMV employees are now generally cross-trained to perform numerous jobs, ongoing training is required to keep employees abreast of changes in information systems, technology, and customer expectations.

Office managers are in place to facilitate the work of employees, to supervise, and to set examples for clerk specialists. Surveys conducted by members of the task force indicate that effective office managers may well be the key to increasing productivity among all workers. As such, these personnel also need training in quality and productivity techniques and careful selection of managers may well make the difference in overall DMV operations.

The task force is in total agreement with a specific customer service recommendation made recently by a committee of the state legislature. To facilitate traffic flow at each DMV facility, management should train and provide for “greeters” who should be stationed to provide guidelines to and direct customers to the appropriate lines. As such, this person would serve as much more than a “Wal-Mart” greeter.

Each of these issues is directed at improving process flows at the DMV. As such, they are intended to mesh with the recommendations of the back room changes. Customer satisfaction, employee compensation and satisfaction, and improvements in DMV image hinge on the improvement of both the processes and infrastructure changes which support these processes.

APPENDIX C

Case Studies of Recommendation XI

Oregon

The partnership between the DMV and Oregon's correctional institutions began in 1987. The inmates who currently work at the call center have answered phones for an average of 3 years. The training period for an inmate can last up to 6 months. Oregon Correction Enterprises (OCE) has incorporated educational programs such as Spanish into their training program. This enables the DMV to serve Spanish callers who may ordinarily have difficulties obtaining information from the call center. Inmates deal with basic questions like field office locations, hours and directions. In addition, they schedule appointment times for driving tests. Some inmates may pull up electronic records at their workstations to help answer elementary questions like registration dates, etc. The inmates are not able to view any personal information from their workstation (i.e. they cannot view dates of birth, Social Security numbers or addresses). If a customer concern requires more extensive information the inmates transfers the call to a supervisor in the correctional facility or to a traditional DMV call center.

The inmates are not paid an hourly wage. The program proceeds under what it calls a "recognition system" where inmates gain points by length of employment, how many hours they work in a month, and the number of calls they receive along with general feedback on their customer service. After a certain number of points are accumulated, inmates are offered a modest cash reward. The Department of Corrections decided against an hourly wage because the recognition system awards not only an inmate's time working in the call center, but the service they deliver.¹

Vermont

Prior to the Vermont Department of Corrections taking over the DMV call center, 1,000 to 3,000 calls to the main DMV number meet busy signals each week. With the implementation of the program, 20 percent of those callers who got busy signals are able to reach a real person for answers. If the question goes beyond what an inmate can answer, the caller will be connected back to headquarters in Montpelier.¹ Inmates in Vermont field approximately 300 calls a day for the DMV. Inmates work in the call center on state holidays while DMV employees have the day off and at night after field offices are closed. Training includes courses in customer service and inmates must study manuals that detail information on car and truck registrations, driver's licenses and the other business handled by the department. The inmates' job is to respond to general information questions. Inmates are not allowed access to any computer information or to outside phone lines.¹

ⁱ P1: "South Carolina Department of Public Safety, Division of Motor Vehicles" Presentation to DMV Task Force.

ⁱⁱ p17: "DMV response to recommendations for improving customer service" Prepared for South Carolina House of Representatives' DMV Study Committee, November 12, 2002

ⁱⁱⁱ Oregon customer service line is answered in an average of 30 seconds. (p1: Appendix A: "Best Practices and Standards From Other States" Prepared for South Carolina House of Representatives' DMV Study Committee, November 12, 2002).

^{iv} DIVISION II - LEVEL 2 (L2) These are medium security institutions. Housing is primarily double bunk, cell type with some institutions having double-bunk cubicles. These are more secure institutions with single fenced perimeters. DIVISION IV - WOMEN'S INSTITUTIONS (L4) Women's institutions are managed as a separate group. However, these facilities provide the same services and have the same security levels as the male institutions described above. Housing is a combination of cubicles and double cells. (<http://www.state.sc.us/scdc/InstitutionPages/institutions.htm>). This would include:

MacDougall Correctional Institution(L2)
Edsel Taylor, Warden
1516 Old Gilliard Road
Ridgeville, SC 29472
803-737-3036 or 843-688-5251

Ridgeland Correctional Institution(L2)
P. Douglas Taylor, Warden
P. O. Box 2039
Ridgeland, SC 29936
803-896-3200

Trenton Correctional Institution(L2)
Robert Bollinger, Associate Warden
84 Greenhouse Road
Box 1000
Trenton, SC 29847
803-896-3000

Turbeville Correctional Institution(L2)
Mike Sheedy, Warden
P. O. Box 252
Turbeville, SC 29162
803-896-3100 or 843-659-4800

Tyger River Correctional Institution(L2)
Richard Smith, Warden
100-200 Prison Road
Enoree, SC 29355
803-896-3601 or 803-896-3501
864-583-6056 or 864-596-1600

Wateree River Correctional Institution(L2)
John Carmichael, Warden
P. O. Box 189
Rembert, SC 29128

(<http://www.state.sc.us/scdc/InstitutionPages/institutions.htm>)

^v "In the PIE Program strict guidelines must be followed which require that inmates voluntarily work in the program and acknowledge that taxes, victim compensation and room and board will be deducted from their gross pay. Inmates in this program are paid the prevailing wage of the local area for the particular jobs they perform. Also, P.I. cannot displace currently employed workers in the community. Since this work is manufacturing and goods are placed in interstate commerce, the PIE guidelines must be followed. Currently hardwood flooring, apparel, computer wire harnesses, furniture and faucet handles are being produced. Pay ranges from \$5.50 to \$6.50 per hour. Currently 2,169 inmates are working in Prison Industries generating over \$22.5 million annually. The Prison Industries Program is completely self-supporting, providing valuable training for the inmates while generating funding for the Agency."
(<http://www.state.sc.us/scdc/pi/PrisonIndustries.htm>).

^{vi} Conversation with OCE director in Salem, Oregon on December 23, 2002.

^{vii} "Inmates to answer calls for Vt. agency" The Patriot Ledger, February 3, 1996

^{viii} "Inmates help DMV answer phones" Nancy Remsen The Burlington Free

