

FOR IMMEDIATE RELEASE

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CALIFORNIA PRISON INDUSTRY AUTHORITY MAINTAINS SELF SUFFICIENCY

At its meeting on June 29, 2012, in accordance with California Penal Code Section 2801(b), the California Prison Industry Authority (CALPIA) presented its Annual Plan to the Prison Industry Board (PIB) for review and approval. The Prison Industry Board unanimously approved the Fiscal Year 2011-2012 Annual Plan. The Annual Plan is an outline of CALPIA's operational expectations for the upcoming Fiscal Year (FY) beginning on July 1, 2012. The Annual Plan contains a balanced budget, and is CALPIA's best projection of revenues and expenditures at the time the plan is developed. It takes into consideration known changes in the economy, legislation, the State budget, and offender populations.

"CALPIA continues to be self-sufficient during these tough economic times," said Charles Pattillo, CALPIA General Manager. "CALPIA is the California Department of Corrections and Rehabilitation's (CDCR) most successful rehabilitative program, and functions without appropriations from the Legislature. CALPIA business operations reduce prison violence, reimburse victims, save taxpayer dollars, and develop work skills."

The proposed Annual Plan includes revenues of \$167 million and fully funds all CALPIA operations and expenses, including \$1.057 million to fund Career Technical Education (CTE) programs.

The Annual Plan anticipates utilizing an average of 5,408 offender positions, a reduction of 9 positions (.16 percent) from the 2011-2012 Mid-Year Revise (MYR). The Annual Plan also anticipates funding 542 civil service positions, which includes salary savings of 90 positions (14.2 percent).

In accordance with Section 2801(c) of the California Penal Code, CALPIA is required to operate a work program for prisoners which will ultimately be self-supporting by generating sufficient funds from the sale of products and services to pay all the expenses of the program, and one which will provide goods and services which are or will be used by the Department of Corrections, thereby reducing the cost of its operation.

"I am proud of the hard work and sacrifice of the dedicated staff at CALPIA," continued Pattillo. "In this atmosphere of layoffs and fiscal uncertainty, CALPIA staff has been resilient and unwavering in their commitment to our mission."

The actual amounts for the 2012-2013 FY will reflect changes that CALPIA implements to adjust revenues and expenditures due to revised conditions. CALPIA reports these changes to the PIB in a revised plan, and anticipates this plan will be adjusted before December 31, 2012, in a Mid-Year Revise, consistent with past practice.

CALPIA is a self-financed and self-sufficient state entity that receives all of its revenue from the sale of products it manufactures. The recidivism rate among CALPIA offenders is over 25 percent lower than the general prison population, a success attributed to the job skills that they receive by working in CALPIA business enterprises.

Annual Plan

Fiscal Year 2012-2013

Adopted by the California Prison Industry Authority Board
on June 29, 2012

Annual Plan



The Financial Plan is CALPIA's estimate of revenues and expenses for the Fiscal Year beginning July 1, 2012. The Plan projects an overall net gain of \$0.8 million.

Revenues (In Thousands)				
	FY 09-10 Audited Actual*	FY 10-11 Audited Actual*	FY 11-12 Approved Mid-Year Revise	FY 12-13 Approved Annual Plan
Manufacturing	\$86,407	\$71,250	\$73,671	\$73,025
Services	66,631	63,889	59,896	67,597
Agricultural	28,773	29,259	26,914	26,738
Total Revenue	\$181,811	\$164,398	\$160,481	\$167,360
Expenses (In Thousands)				
Cost of Goods Sold				
Manufacturing	\$67,724	\$56,896	\$52,803	\$55,061
Services	45,555	47,395	43,069	47,709
Agricultural	24,609	25,542	24,111	24,039
Total Cost of Goods Sold	\$137,888	\$129,833	\$119,983	\$126,809
Gross Profit	\$43,923	\$34,565	\$40,498	\$40,551
Selling & Administration				
Prison Industry Board	\$123	\$153	\$129	\$127
Executive Division				
Executive Management	417	360	254	260
Legal	1,032	534	664	653
External Affairs	0	139	125	126
Operations Division				
Inmate Employability Program (IEP)	305	675	976	725
Marketing Division				
Marketing Division	3,138	3,392	3,039	3,246
Joint Venture/Free Venture (JV/FV)				
Joint Venture/Free Venture (JV/FV)	351	354	664	664
Fiscal Services Bureau				
Fiscal Services Bureau	2,346	2,386	2,343	2,388
Administration Division				
Administration Division	5,017	5,272	4,462	4,284
Human Resources	897	886	883	991
Staff Development	274	750	836	687
Career Technical Education Programs (CTE)				
Career Technical Education Programs (CTE)	1,998	1,348	903	1,057
Reimbursements				
CTE	(1,543)	(800)	0	0
Joint/Free (JV/FV)	(670)	(671)	(664)	(664)
IEP	0	(253)	(169)	0
Total Central Office	18,103	18,224	18,026	17,834
Distribution/Transportation				
Distribution/Transportation	11,346	11,597	10,488	10,551
State Pro Rata				
State Pro Rata	3,197	3,510	3,798	4,789
Other Post Employment Benefits				
Other Post Employment Benefits	6,316	6,270	6,270	6,270
Furlough Expense				
Furlough Expense	0	8,619	0	0
Total Selling and Administration	\$38,962	\$48,220	\$38,582	\$39,444
Operating Income/(Loss)	\$4,961	(\$13,656)	\$1,916	\$1,107
Non-Operating Revenues/Expenses	(\$1,680)	(\$1,620)	(\$495)	(\$344)
Net Gain/(Loss)	\$3,281	(\$15,276)	\$1,421	\$763

*For the purpose of this section, the display of audited financial information was re-configured to remove Pro Rata costs for each category. A State Pro Rata category was added to display associated costs. The Net Gain/(Loss) of the fiscal year equals the audited financial statement.

Enterprise Overview



CALPIA projects a gross profit in its enterprises of \$40.6 million in Fiscal Year (FY) 2012-13. Although revenues are projected to increase by \$6.9 million from FY 2011-12, gross profit minimally changed due to rising commodity prices.

Enterprise	FY 2012-13 Approved Annual Plan		
	Revenue	Cost of Goods Sold	Gross Profit/(Loss)
(In Thousands)			
Manufacturing			
Furniture	\$9,400	\$8,093	\$1,307
Metal Products	4,200	4,125	75
License Plates	12,000	5,398	6,602
General Fabrication (Century Systems)	6,400	6,705	(305)
Bindery	3,100	1,854	1,246
Knitting Mill	1,376	1,144	232
Fabric Products	21,987	16,896	5,091
Shoes	4,409	3,633	776
Mattresses	2,498	2,076	422
Cleaning Products	6,155	3,411	2,744
Modular Construction	1,500	1,726	(226)
Sub-total Manufacturing	\$73,025	\$55,061	\$17,964
Services			
Meat Cutting	\$9,033	\$7,609	\$1,424
Bakery	2,849	2,214	635
Coffee Roasting	1,797	1,490	307
Food & Beverage Packaging	18,670	14,754	3,916
Metal Signs	1,200	838	362
Printing	7,050	3,337	3,713
Dental Lab	700	415	285
Digital Services	350	293	57
Laundry	14,352	10,307	4,045
Optical	10,800	5,265	5,535
Construction Services & Facilities Maintenance	796	1,187	(391)
Sub-total Services	\$67,597	\$47,709	\$19,888
Agricultural			
Dairy/Farm	\$13,183	\$11,664	\$1,519
Crops	1,373	1,498	(126)
Poultry	6,221	5,488	733
Egg Production	5,961	5,389	572
Sub-total Agricultural	\$26,738	\$24,039	\$2,698
Total	\$167,360	\$126,809	\$40,550*

*Actual gross profit \$40,551. Variation due to rounding.

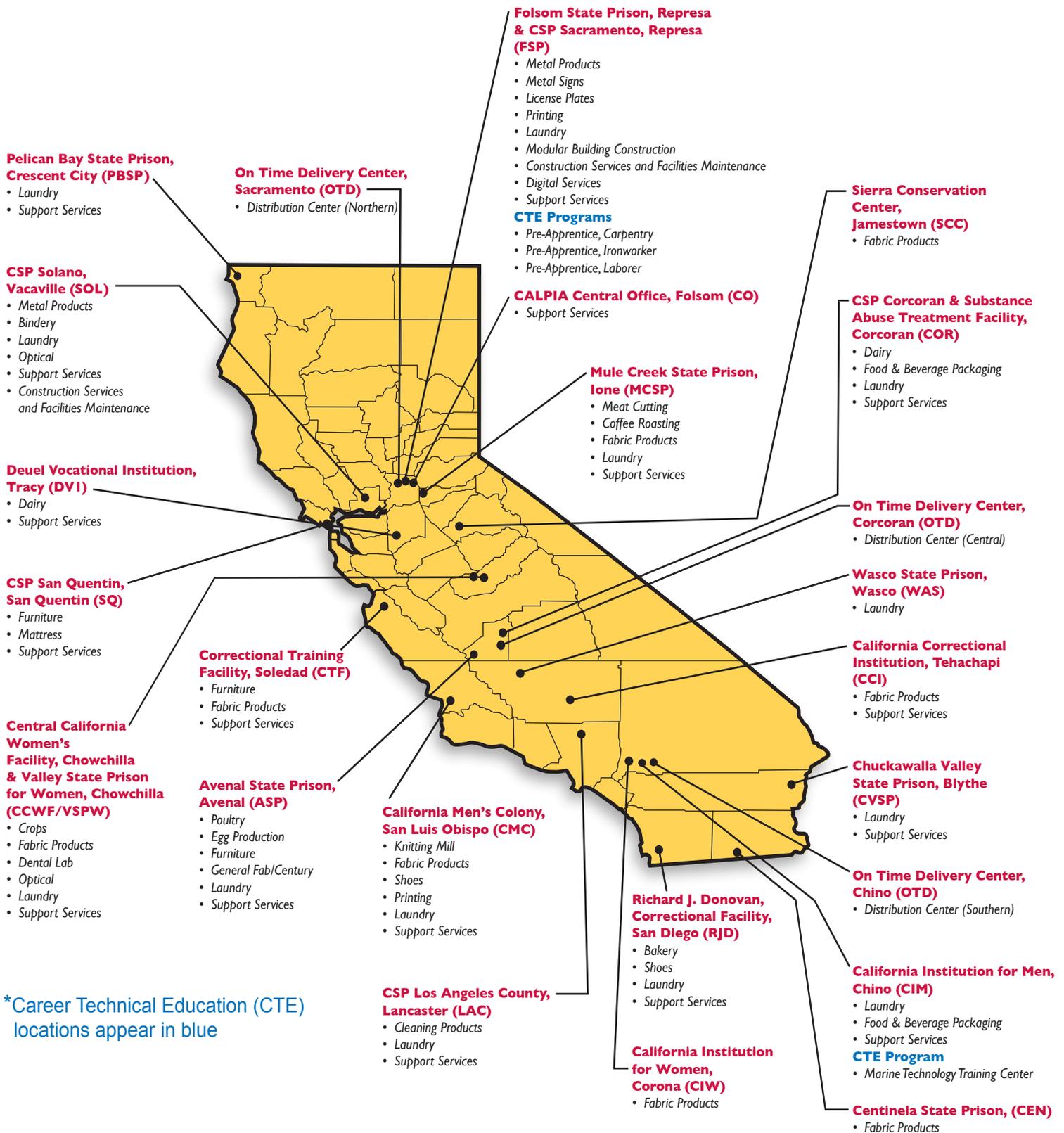
Inmate Assignments by Enterprise

Enterprise	FY 09-10 Actuals	FY 10-11 Actuals	FY 11-12 Approved Mid-Year Revise	FY 12-13 Approved Annual Plan
Manufacturing				
Furniture	568	476	503	483
Metal Products	237	220	239	239
License Plates	96	102	102	102
General Fabrication (Century Systems)	162	133	134	134
Bindery	98	102	105	105
Knitting Mill	87	95	91	91
Fabric Products	1,307	1,273	1,297	1,327
Shoe	183	170	173	173
Mattress	101	92	102	102
Cleaning Products	43	49	50	50
Modular Construction	40	66	66	66
Sub-total Manufacturing	2,922	2,778	2,862	2,872
Services				
Meat Cutting	49	60	68	68
Bakery	84	66	66	66
Coffee Roasting	25	23	25	25
Food & Beverage Packaging	142	115	132	132
Metal Signs	30	28	28	28
Printing	124	131	131	131
Dental Lab	56	58	56	56
Digital Services	10	13	14	14
Laundry	830	794	829	786
Optical	210	176	183	183
Construction Services & Facilities Maintenance	0	0	28	43
Sub-total Services	1,560	1,464	1,560	1,532
Agricultural				
Dairy/Farm	232	224	222	222
Crops	53	35	48	48
Poultry	58	32	81	81
Egg Production	80	77	96	96
Sub-total Agricultural	423	368	447	447
Selling and Administration				
Statewide Administrative Support	307	292	347	350
On-Time Delivery	23	23	25	25
Central Office	29	27	42	42
Career Technical Education Programs	241	87	134	140
Sub-total Selling and Administration	600	429	548	557
Total	5,505	5,039	5,417	5,408



CALPIA continues to dedicate efforts toward reducing recidivism. For this reason, inmate assignment decreases in Fiscal Year 2012-13 are minimized by new opportunities in Fabric Enterprises, Construction Services and Facilities Maintenance, and Career Technical Education Programs.

CALPIA Enterprises & Career Technical Education Locations (CTE)*



*Career Technical Education (CTE) locations appear in blue



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