

STATE OF CALIFORNIA

DEPARTMENT OF CORRECTIONS AND REHABILITATION

PRISON INDUSTRY BOARD

PUBLIC MEETING

ORIGINAL

FRIDAY, OCTOBER 21, 2011

THE BOARD OF PAROLE HEARINGS

1515 K STREET

SACRAMENTO, CALIFORNIA

REPORTED BY:

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**ATTENDEES**

**BOARD MEMBERS:**

MATTHEW CATE, CHAIR

ESTEBAN ALMANZA

WILLIAM DAVIDSON

CURTIS KELLY

KIRA MASTELLER

BRUCE SAITO

DARSHAN SINGH

**STAFF:**

CHARLES L. PATTILLO, EXECUTIVE OFFICER

SCOTT WALKER

ERIC RESLOCK

PHYLLIS GUARE

**COUNSEL:**

JEFF SLY

**GUEST SPEAKER:**

J. CLARK KELSO

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Sacramento, California

FRIDAY, OCTOBER 21, 2011, 10:00 A.M.

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CHAIR CATE: This meeting is called to  
order at 10:04 a.m. Can we call the roll, please?

MS. GUARE: Good morning, everybody.  
Chairman Cate is here.  
Member Almanza.

MEMBER ALMANZA: Here.

MS. GUARE: I'm just going to do last  
names.

Member Chapjian not here.

Member Davidson.

MEMBER DAVIDSON: Here.

MS. GUARE: Member Kelly.

MEMBER KELLY: Here.

MS. GUARE: Member Masteller.

MEMBER MASTELLER: Here.

MS. GUARE: Member Saito.

MEMBER SAITO: Here.

MS. GUARE: Member Singh.

MEMBER SINGH: Here.

MS. GUARE: Member Trujillo.

And Member Woodford.

Looks like we have a quorum.

1 CHAIR CATE: Very good. So I want to  
2 welcome everyone to this meeting of the Prison  
3 Industry Board. Before we go into closed session, I  
4 just -- for the Board and for anybody else who is  
5 here from the public I want to introduce Esteban  
6 Almanza to my left. And he joins us from the  
7 Department of General Services. He is Chief Deputy  
8 Director there.

9 Welcome.

10 MEMBER ALMANZA: Thank you.

11 CHAIR CATE: If we can, I understand from  
12 our Executive Director we have some issues for  
13 closed session, pursuant to Government Code Section  
14 11126(e)(1), which I'm sure you are all familiar  
15 with. At this time we'll go into closed session,  
16 and ask the members of the public to please excuse  
17 themselves for just a moment; and we'll be right  
18 back into open session shortly.

19 (Board in closed session.)

20 CHAIR CATE: We are back in open session.  
21 For the record we met in closed session to discuss a  
22 pending litigation matter.

23 Turning back to our agenda, if we could.  
24 Before we move to the General Manager's comments, I  
25 would like to raise a couple of issues. One is that



1 I received a letter from our General Manager  
2 requesting that I appoint several of this Board to  
3 become a subcommittee of PIB Development and  
4 Operations Committee. We haven't had subcommittee  
5 appointments in a couple years. This one in  
6 particular considers, obviously, changes in  
7 discussions to business development and operations.  
8 We've had discussions of late concerning both  
9 modular enterprises and food and beverage. So  
10 they'll hopefully be able to provide us with  
11 additional information and take public comment and  
12 hearing on those to better inform the general  
13 Board's work in those areas.

14 And so I signed those letters, and I want to  
15 publicly thank Board Members Almanza, Kelly,  
16 Masteller and Woodford for agreeing to take part in  
17 the new Development and Operations Committee. Thank  
18 you all very much for that. We'll be looking  
19 forward to hearing from you more.

20 So with that, let's see, we have some  
21 informational items. But are there any Board  
22 comments or any additional information, anything  
23 that the Board wants to raise?

24 Anything else, Chuck, that I'm forgetting  
25 before we turn to your comments?

1 MR. PATTILLO: No. On the Board  
2 appointments, there are several folks, like  
3 Mr. Singh is on the Finance Committee and one other  
4 committee. So a lot is happening because people are  
5 transitioning out. So we are putting the new Board  
6 Members in those areas.

7 I'm going to resend -- there are four  
8 committees. Going to send that out to verify that  
9 you still continue to serve on the committee that  
10 you are on or if you would like to volunteer for a  
11 different assignment. So we can get everybody  
12 staffed up by the end of the year. We used to have  
13 a lot more committee meetings. It is very helpful  
14 for you to be informative and bring it back to the  
15 entire Board to discuss.

16 CHAIR CATE: Thank you.

17 General Manager comments, Chuck.

18 MR. PATTILLO: Thank you, Mr. Chairman.

19 My name is Charles Pattillo, and I am the  
20 General Manager of PIA and the Executive Officer of  
21 this Board.

22 The biggest thing that's looking PIA in the  
23 face is probably AB 109, which is the Governor's  
24 Correctional Realignment Plan; and I notice it is  
25 one of biggest things that's looking at the

1 Secretary, also. For us it is really just a number  
2 in a linear program. Our annual plan that we just  
3 passed reflects what we think the revenue changes  
4 are going to be based on 109. We're talking about  
5 30- to 35,000 inmates over a span of the next 36  
6 months. That's basically bodies that will not be  
7 eating PIA food, wearing PIA clothes, those kind of  
8 things. So we know what that is number is, and  
9 we're taking considerations for it.

10 On the other side, though, is the number of  
11 bodies that we're going to lose. A majority of the  
12 folks, probably about almost 2,000 inmates that we  
13 work with right now that, under this current  
14 scenario, probably wouldn't be with us under the new  
15 realignment scenario. However, what is happening,  
16 though, at the CDCR level we are seeing folks, as  
17 minimum camps are opening up, a lot of the folks in  
18 the points are coming down for other folks that  
19 normally, probably because of room and whatnot, they  
20 wouldn't have looked at the risk factor to bring  
21 them back down. So I think we're going to be okay  
22 in that aspect.

23 We've developed a -- our staff has developed  
24 an enterprise worksheet based on CDCR's institution  
25 activation schedules and CALPIA's needs that clearly



1 defines the needs of all CALPIA enterprises in every  
2 institution. We are in these weekly meetings. So  
3 we know where the bodies are going, and we know  
4 where they're coming from. Our enterprise  
5 institutional worksheet includes basic information -  
6 operating hours, enterprise location, our enterprise  
7 needs, whether inmate worker waiting pools required,  
8 unique inmate criteria required. Certain inmates  
9 can't work in certain -- arsonists can't work in  
10 certain places. Computer-related crimes can't work  
11 in certain places.

12         Current enterprise workforce information  
13 identifies the yard and the facility the inmates are  
14 drawn from, total available inmate workforce, total  
15 number of assignments on in the entire prison. This  
16 information was sent to CDCR to apprise them of the  
17 needs. CALPIA is very communicative on this. And  
18 after review, CDCR actually adopted our model to the  
19 EIW to define their own programmatic needs. So it's  
20 kind of kudos for our staff. They came up with a  
21 document that works, and everybody else is adopting  
22 it.

23         We will continue to monitor the institution  
24 activation schedules and the EIW. And Scott's  
25 really the lead on it. Scott Walker, operations, is

1 really the lead on it. His staff is in the meetings  
2 most of the time.

3 First quarter revenues.

4 Scott, if you can do me a favor hand this out.

5 This is our unaudited financials for the first  
6 90 days that came out last night. We usually issue  
7 our quarterlies about 20 calendar days after the end  
8 of the month. At this point in time, I think we  
9 have done a very good job of planning. Our  
10 operating income right now is \$2.1 million for the  
11 year. I expect that to smooth out a little bit.  
12 Our revenues are actually ahead of where we thought,  
13 about five percentage points. It's in various  
14 things. So it's nothing really to point to. A lot  
15 of these revenues will smooth out as we go through  
16 out the year.

17 Cashwise. We are in a very good cash  
18 position. As I stated before, this morning, \$83  
19 million in cash in our account right now. However,  
20 some of that is tied up for liabilities or whatnot,  
21 sitting there. Then OPEB, which we are running  
22 about \$24,000,000, something like that, we're just  
23 holding it and collecting interest on it right now.  
24 However, our interest earnings are actually reduced  
25 because the -- in light of the cash crunch in this

1 state, the Treasurer's office has seen fit to borrow  
2 about 21- to \$22,000,000 from us on a daily basis at  
3 no interest. So we lose that interest earning  
4 there. Just the way it is. We are hoping to work  
5 out something there, like maybe we can get a loan  
6 note from him or something. I don't think he's ever  
7 going to pay the interest.

8 Reorganization. One of things, as we look at  
9 the entire organization, over the last two years  
10 we've reduced our staff 89 folks more. When I  
11 started at PIA about seven years ago, we had about  
12 720 staff. We've cut it down to about 500 staff  
13 now. Even when our revenue numbers were going up  
14 quickly, staff was actually going down. A lot of  
15 that staff reduction was in the optical, fabric,  
16 some of the ones that we closed -- the five  
17 factories that we closed over the last two years due  
18 to economic reasons. As you know, the optical  
19 factories were directly related to Medi-Cal.  
20 Furniture was due to economic, as well as fabric was  
21 due to economic.

22 I'm intending to transition into an executive  
23 model that gives me two assistant general managers.  
24 Right now I have a three assistant general manager  
25 model. I have one acting assistant general manager,



1 Ms. Marisela Montes - I sent you a note out - is on  
2 board with us. She formerly was the first Chief  
3 Deputy Secretary of the new CDCR, formerly director  
4 of paroles, the deputy director of adult  
5 institutions. And her admin credentials, she was  
6 chief of admin for CalTrans. She has the admin  
7 credentials.

8 Carla Young has indicated that she will be  
9 retiring in the spring after the NCIA conference.  
10 And so right about the first of the year is when we  
11 will move into the two AGM model. I think it makes  
12 a lot of sense. We will be streamlining the  
13 organization.

14 Scott said he is retiring after I retire, so  
15 he's staying for the duration.

16 January consolidation will also include the  
17 consolidation of our entire construction business,  
18 which we are not -- significantly not profitable  
19 from last year. The bottom has dropped out of our  
20 modular building program. The only modulars we have  
21 going right now are prototypes. We have a prototype  
22 telemedicine facility for the receiver. We're  
23 having some difficulty getting it up and running,  
24 but it is about ready to be installed at Pelican  
25 Bay. And two new modular buildings, one we are

1 going using to use at our own facility as a  
2 prototype and an emergency operations center that we  
3 are building out at Camp 12.

4         However, the entire construction division for  
5 us throughout the state will be slimmed down to two  
6 locations: California Institution for Men will have  
7 the dive center and some welders and whatnot down  
8 there. Northern California at Old Folsom. The  
9 locations that we are closing: CSP Sacramento. The  
10 women's construction program at CIW will probably go  
11 down around January 1. And we may open up some work  
12 at CMC San Luis Obispo because we have some work  
13 going on with the Department of Military over there.

14         The CTE programs is where the big hit is.  
15 We're going to talk a little bit more about funding  
16 the CTE later. Looking for that direct  
17 appropriation for that. That is the most successful  
18 program for PIA and CDCR, with the exception of dive  
19 program. The dive program is just kind of its own  
20 out there, where nobody comes back. We want to keep  
21 this thing running.

22         In the spring we really ran out of work in our  
23 modular factories. Most of those construction guys,  
24 these positive stories that you are seeing,  
25 essentially doing free work for the community, being

1 Cal Expo, Parks and, as you saw the other day, we  
2 finished up the graveyard here in El Dorado County.

3 One of specific things with Marisela, in full  
4 disclosure, is she is not going to be handling any  
5 financial aspects for the time being. All finances  
6 report to me now, which is a little different. The  
7 reason being that Marisela is married to someone who  
8 works for MGO Accounting, somebody who we had on  
9 contract. She has nothing to do with that side of  
10 it at this time. And until the job is done and the  
11 person she is married to will be off that job; and  
12 then we will revisit the issue then. She has  
13 absolutely zero to do with finance. More conflict  
14 of interest, and I want full disclosure.

15 NCIA, the National Correctional Industries  
16 Association. We are hosting this on April 1 through  
17 4. We have asked the Governor to be the keynote  
18 speaker at that event. This is all 49 states and  
19 now Alaska, which doesn't have a correctional  
20 institutional program, we are inviting them to come.  
21 All 50 states show up. All 58 counties show up,  
22 too, in this state because we do a jail industry  
23 program also for them. It's a pretty big deal for  
24 us to host this. I hope you guys will go. It's  
25 obviously free for you as members of NCIA as Board



1 Members. It's really a training program for us. We  
2 are in training classes for three of the four days.  
3 I'm chairing one of the tracks which is the  
4 leadership class we do for all our employees. We  
5 are sharing that with the other industries from the  
6 other states.

7 MEMBER. SAITO: What date?

8 MR. PATTILLO: April 1 to the 4th.

9 MEMBER SAITO: Where?

10 MR. PATTILLO: In Sacramento. It will be  
11 at the Convention Center. They have -- NCIA has  
12 booked a contract with the Hyatt, who actually won  
13 that bid for them. We will be taking over the Hyatt  
14 for those four days. This is the one we normally  
15 travel out. We did Minnesota. We did Cincinnati  
16 before, and the garden spots like New Jersey.  
17 Things like that.

18 The last -- any questions?

19 We will send out an update email right after  
20 this meeting just so you can get it on your radar,  
21 send out a meeting notice.

22 The last portion I want to talk about is past  
23 year revenue. As I indicated at our last Board  
24 meeting, we were not going to make our even reduced  
25 revenue numbers; and a lot of that was just shut

1 down in purchasing in fourth quarter. Nobody knew  
2 what was going on. So we saw a lot of orders  
3 getting pulled back, a couple million dollars worth  
4 of orders. On top of that, any profitability we had  
5 was eaten up really quick by about \$2,000,000 in  
6 direct cost for materials, a lot of food costs which  
7 we did not pass on to Corrections and whatnot,  
8 because we sell on a quarterly basis. And those  
9 costs came up so quick, we had no methodology for  
10 adjusting those contracts. We are doing it a little  
11 better now and things seem to be leveling out.

12 But just as an example, cost of peanut butter  
13 53 percent increase in the cost of peanut butter.  
14 We do a lot of peanut butter. That was a very big,  
15 unexpected one. Had to do with weather, everything  
16 else; droughts going on in the South. Peanut butter  
17 prices are going to go up. You're going to hear the  
18 complaints over at DGS. If anybody reads the paper,  
19 that's what's going on.

20 The other additions. We're going to be  
21 increasing about \$1.8 million for overtime variances  
22 because of furloughs as well as us banking vacation  
23 that was not taken because of the furloughs. The  
24 closure of the factories between quality issues, raw  
25 material reductions and finished good materials that

1 we're liquidating. We have a \$2.8 million charge at  
2 this point. Unexpected benefits for staff, nearly  
3 \$1.8 million. The last one will be an equipment  
4 charge for obsolete inventory at a minimum of a  
5 million dollars.

6 On top of what we talked about in closed  
7 session, about a potential hit of 8,000,000, we are  
8 looking at an additional 4,000,000 to come down. So  
9 we'll be more clear with that when the audits go  
10 through. We've issued all the forms to the  
11 auditors, all of the statements to the auditors.  
12 They're taking various adjustments. But I think in  
13 the end of the day you're going to see a minimum of  
14 about 12.6 million, at a minimum.

15 I don't want anybody to be shocked when you  
16 add those two things together. One that we have  
17 severely no control over, and one we had even less  
18 control over. We can discuss that more at length.

19 MEMBER KELLY: I want to know what the  
20 unexpected benefit costs are.

21 MR. PATTILLO: We had an increase in the  
22 state share in the spring, half a million dollars  
23 for the state portion of our benefits, for staff  
24 benefits. We had an actual miscalculation of staff  
25 benefits because it wasn't taken into consideration,



1 the 15 percent of furlough of \$1.2 million.

2 MEMBER KELLY: Thank you.

3 MR. PATTILLO: I think -- is there any  
4 questions on my comments so far?

5 Is our guest here?

6 MS. GUARE: No, not yet.

7 MR. PATTILLO: We actually -- sorry, Mr.  
8 Almanza.

9 MEMBER ALMANZA: On the realignment, do you  
10 anticipate that will be a higher level of risk to  
11 PIA staff?

12 MR. PATTILLO: For the AB 109 alignment?

13 MEMBER ALMANZA: Yes.

14 MR. PATTILLO: No. And I say that with  
15 reason. As far as staff safety, we actually have --  
16 on per capita, we have more staff killed than CDCR  
17 over the years on a per capita basis. However, none  
18 of that has happened in years; and those are some  
19 real random things. As far as staff safety, we have  
20 the lowest level of actual assaults on staff. Women  
21 and men that work for us want to be there. They are  
22 less likely to be problematic. Even as these folks  
23 are coming down in points and moving out, I don't  
24 think it's going to be an issue, even though we'll  
25 be working with more of a higher level inmate.

1           We tell folks how we make eyeglasses at  
2 Pelican Bay, and they can't believe that. We have a  
3 metal factory at Corcoran. We just don't have any  
4 issues. These are high level prisoners. I don't  
5 think it's going to be so much. But any serious  
6 matters like that we always report back to you.

7           MR. WALKER: We certainly -- that was one  
8 of the issues that came up early on. So we are very  
9 proactive in talking to folks about that. We just  
10 kind of reemphasizing the fact that they, obviously,  
11 work in a prison and safety protocols, and it's very  
12 important that they be mindful of that. Whether  
13 they're working in a level one or level four,  
14 obviously, we want to reiterate that often with AB  
15 109. You're going to get a different caliber of  
16 inmate eventually.

17           As Chuck said, we are very proactive. Most of  
18 the inmates -- PIA is someplace where they really  
19 want to be, so they are pretty careful most of the  
20 time about screwing around in PIA. They just don't  
21 do it.

22           Back in the early '80s it was a different  
23 story. That's kind of changed over the years, and  
24 it's really a sanctuary, for lack of a better term,  
25 where inmates like to get away from politics on the

1 yard, politics in the building, and come up to PIA.  
2 You will see the interactions in PIA between inmates  
3 are completely different for the most part from  
4 interactions of the same inmates on the yard. We  
5 are mindful of that. We talk to staff about that.  
6 Remind them of the dangers of working in a prison  
7 environment, but I suspect they will handle it  
8 well.

9 CHAIR CATE: Any other questions?

10 MR. PATTILLO: Our guest isn't here, but we  
11 can switch over to our action items first, if that's  
12 okay with the Chair.

13 CHAIR CATE: Yes.

14 MR. PATTILLO: Hopefully, we will get  
15 through this action item. This will be last time  
16 that we ask the Board to approve minutes. One of  
17 the action items further down is moving to not  
18 having actual minutes bringing back to the Board  
19 like we are doing now. We'll talk to that in a  
20 couple -- down the road.

21 First two items. Adoption of the April 6th  
22 Board meeting minutes.

23 CHAIR CATE: Is there a motion to approve?

24 MR. SAITO: Move approval.

25 CHAIR CATE: Motion. Do I have a second?

1 MEMBER SINGH: Second.

2 CHAIR CATE: All those in favor, say aye.

3 Okay, it passes.

4 MR. PATTILLO: Adoption of minutes, Item B.

5 Is there a motion to approve?

6 MEMBER SAITO: Move approval.

7 MEMBER SINGH: Second.

8 CHAIR CATE: A motion and a second.

9 All those in favor, say aye.

10 Any opposed.

11 Right. That will pass.

12 MR. PATTILLO: C, I might have Jeff come up  
13 and present real quick. You are seeing one of these  
14 every meeting. If this is adopted, we are putting  
15 our regulations in per code. So we do not have an  
16 issue of underground regulations, we are having to  
17 go all the way back to 1983, put everything in  
18 Office of Administrative Law standard form,  
19 basically.

20 Jeff.

21 MR. SLY: Good morning. I'm Jeff Sly,  
22 General Counsel for the Prison Industry Authority.

23 The action item that you have in front of you  
24 is for the proposed approval of Section 8006 of  
25 Title 15 of PIA regulations. Some of you have seen



1 this come before you with other regulations. This,  
2 again, is one where an inmate challenged the policy  
3 that we had as an underground regulation. OAL made  
4 that finding. This is our effort to clean that up,  
5 get a regulation in place so the document then can  
6 be amended with a new policy reflected by this  
7 regulations, and essentially bring us into  
8 compliance with the Administrative Procedures Act.

9 8006, basically, is an inmate pay regulation.  
10 It sets out the level of pay and ranges of pay  
11 within those levels. Gives the General Manager the  
12 authority with the Board's approval to establish  
13 what those pay ranges will be. Establishes an  
14 appeal process where the General Manager has the  
15 final say if an inmate challenges his or her pay  
16 under this regulations. And it also establishes how  
17 inmates come into the system with the pay and their  
18 level, and how they can move between them. I know  
19 that is a really brief kind of overview of what  
20 these are. If you have any particular questions, I  
21 will try to address those. Otherwise, I will submit  
22 it back to the Chair.

23 CHAIR CATE: Anything further on the  
24 adoption of regs under Item C?

25 Any discussion or questions from the Board?

1 Any public comment on this matter?

2 Have a motion, please.

3 MEMBER SINGH: Move that.

4 MEMBER KELLY: Second.

5 CHAIR CATE: We have a motion and a second  
6 to adopt these regulations.

7 Anything further, Mr. Pattillo, before I call  
8 for a vote?

9 MR. PATTILLO: Just note that this is one  
10 of a series that we are going to go through so we  
11 can keep ourselves out of trouble. Most of the  
12 folks who are filing, obviously, are the inmates  
13 that are filing against us. There's really no  
14 external folks that are doing any underground  
15 regulation filing.

16 CHAIR CATE: We have a motion to approve  
17 the regulations in Exhibit C1. Anything you need  
18 further from us on that?

19 So call for a vote. All those in favor,  
20 please say aye.

21 Any opposed.

22 It passes.

23 MR. PATTILLO: The next item is Item D.  
24 This action item bears out from a conversation we  
25 had with the Board last time talking about we do not



1 have the ability to independently fund CTE anymore,  
2 very little. And given that this is one of the most  
3 successful programs ever, it seems that it would be  
4 a shame to let it go. The Secretary suggested that  
5 we put together a funding mechanism that we can run  
6 through the Legislature for a direct appropriation  
7 based on what our success is. This is very similar  
8 to SB 678, which is for the counties where they are  
9 able to get funding based on their recidivism  
10 success.

11 This proposal, if enacted, would provide a net  
12 savings to the State General Fund. That is an easy  
13 one for us to pinpoint. In the annual appropriation  
14 tied to CALPIA's ability to significantly reduce  
15 recidivism among CTE participants could fund the  
16 existing CTE program, as well as to let us expand  
17 it.

18 Looking at the existing reward structure, for  
19 lack of a better term, on the 678, if a program has  
20 a failure rate which is no more than 25 percent from  
21 the highest statewide probation rate, we believe  
22 that we can, at a minimum, get about 1.15 million  
23 based on what we know has gone through our program  
24 just in the last 12 months. To back up this entire  
25 premise, we've been doing a study. We have -- a lot

1 of our grad students that we're hiring out of Sac  
2 State to do some work, they put together an  
3 assessment report. I'm going to give you a draft  
4 that you can look at. This supports what we're  
5 saying about why this should be funded. Take the  
6 draft with you. Read through it and give us any  
7 feedback you would like.

8       The CTE programs have a -- from what we're  
9 seeing here in this latest study is below 10  
10 percent. Obviously, that translates to general fund  
11 savings. We are just looking for a way to recoup  
12 some of those general populations savings that don't  
13 accrue to us. Just like in our general population  
14 programming -- in our regular programming, we are 25  
15 percent lower than the average recidivism rate. And  
16 that's a savings that accrues to the entire State of  
17 California more so CDCR. We are saying those  
18 savings should be taken into consideration when we  
19 are looking at prices for PIA; that should be rolled  
20 into the higher pricing comparison, also. This is a  
21 way for us to accrue some of the savings to us and  
22 fund a program that has proven it works better than  
23 anything.

24       Sample language for this should be attached to  
25 the back of your action item, and it just has the

1 findings and declaration if you read through there.  
2 This is something we just put together. We will put  
3 it together in Leg Counsel form. The Secretary has  
4 asked me to talk to him about who we are shopping  
5 this to once we get going down the road and report  
6 to his legislative staff. The person that's shown  
7 the most interest right now is Senator Hancock who  
8 chairs the Public Safety Committee. So that would  
9 probably be a very good author to have, if we can  
10 pull that off.

11 CHAIR CATE: On this action item you are  
12 not asking us to approve this language, but only to  
13 move forward on the concept at this time?

14 MR. PATTILLO: To move forward on the  
15 concept. The language is just proposed language.  
16 This probably won't look like this once it gets run  
17 through Leg Counsel version and legalese version  
18 that is in there. It probably won't look -- we are  
19 not asking you to approve this, per se, just the  
20 concept of it.

21 CHAIR CATE: Just so folks know a little  
22 bit more about SB 678. That came through a desire  
23 and understanding that probation departments are  
24 typically, in many counties, underfunded. So a lot  
25 of offenders on probation fail probation for the



1 lack of resources, resources both for effective  
2 supervision in terms of enforcement and resources in  
3 terms of treatment and job opportunities and  
4 whatnot.

5         And so what the Legislature did in SB 678 is  
6 to say we will take our funds, which is the American  
7 Recovery Act federal funds, invest it in probation  
8 departments. I think it was \$50,000,000 invested in  
9 probation departments. And then the understanding  
10 was that if they reduced the number of offenders  
11 that they sent to prison for failing probation or,  
12 in other words, if probation was successful in  
13 rehabilitating offenders and having them be  
14 successful at a higher rate than they had before,  
15 then the State would split the savings, at least the  
16 marginal savings, with the county. So the county  
17 could then hopefully even invest more money in  
18 programs and supervision of offenders.

19         And after the first year of SB 678 counties  
20 sent 6,000 fewer offenders to state prison. In  
21 other words, there were 6,000 additional  
22 Californians who successfully completed their  
23 probation and got their lives back on track as a  
24 result of this investment.

25         And so, ideally, we would try to invest in the

1 same way in our inmates through quality career  
2 education as part of an overall reentry scheme. So,  
3 basically, try to do something similar to what we do  
4 with probation on a statewide level. I have talked  
5 before to this Board that one of the things that is  
6 frustrating about the state is that, at least in  
7 Corrections, the more successful you are in  
8 rehabilitation, the less money you get because we  
9 have fewer inmates. If we're unsuccessful, we get  
10 more inmates and we get more money. Fewer inmates,  
11 less money. So it's almost a counter incentive.

12 So we are trying to provide additional  
13 incentives here for the state to push forward in  
14 continuing education. There is some complexities  
15 here, and I think that is why the General Manager is  
16 seeking only conceptual approval of this.

17 Obviously, I have asked to have my leg  
18 director take a look, to make sure we are not in  
19 conflict with any other existing laws. We will have  
20 to have legal look at it, and so forth.

21 So my understanding, Chuck, is that this  
22 probably isn't the last time we'll be talking about  
23 this issue, but this is an opportunity for you to  
24 get our approval to go forward?

25 MR. PATTILLO: Yes.

1 CHAIR CATE: Any additional questions or  
2 concerns from the Board or discussion on this item?

3 Any comment from the public?

4 Hearing none, can I have a motion, please?

5 MEMBER KELLY: So moved.

6 MEMBER MASTELLAR: Second.

7 CHAIR CATE: We have a motion to approve,  
8 in this case, the staff recommendation on  
9 performance-based appropriations for CALPIA Career  
10 Technical Education Programs.

11 Do I have a second?

12 MEMBER MASTELLAR: I will second.

13 CHAIR CATE: All in favor, say aye.

14 Any opposed?

15 The matter passes.

16 MR. PATTILLO: Mr. Chairman, if we can  
17 actually go back to our opening. We're going to  
18 take a short break here. Don't go anywhere. We  
19 have a visitor here that is going to speak.

20 When I think about difficult assignments in  
21 Corrections, I can't think of a greater challenge  
22 than the federal receiver's mandate. The Secretary  
23 has a very clear mandate. Just lock up,  
24 rehabilitate, don't let out. It's spelled out real  
25 well. My job is to carry out the will of the Penal



1 Code and this Board and provide industries that  
2 rehabilitate inmates, also.

3         The federal receiver's job is to bring the  
4 level of medical care in California prisons to a  
5 standard that no longer violates the United States  
6 Constitution, as the courts have opined. I think he  
7 has the hardest job of all three of us because  
8 telling people why you are giving a level of care  
9 that some people aren't getting that level of care  
10 outside is a harder sell than me trying to give an  
11 inmate a job.

12         With that, I would like to welcome Professor  
13 Clark Kelso.

14         MR. KELSO: Thank you. Good morning, Board  
15 Members. Apologize for being a little tardy. I saw  
16 in my calendar 1515. And like a well-trained puppy  
17 dog, I went over to CDCR headquarters, looking for  
18 the fifth floor conference room over there.  
19 Fortunately, I was able to get over here quickly.

20         I hate to disagree with the introduction, but  
21 I think Matt has the tougher job than I do, frankly.  
22 I have the benefit of a court order that actually  
23 keeps me very well focused on what I'm supposed to  
24 accomplish. I don't have to deal with a lot of the  
25 political considerations that otherwise surround

1 Corrections, the State's budget process. The fact  
2 that you have to work with the Legislature, report  
3 to a governor's office, respond to the public. So  
4 although I appreciate the notion that I have a tough  
5 job in sort of selling the wisdom or the virtue of  
6 providing better medical care to inmates, that I  
7 think is a tough sell for members of the public, I  
8 have learned by working closely with Matt over the  
9 last several years that I'm glad I'm not in his  
10 shoes. I think he's doing a tremendous job in a  
11 very challenging circumstance.

12 CHAIR CATE: Feeling's mutual. Who wants  
13 to wear whose shoes.

14 MR. KELSO: I thought I would -- and feel  
15 free to interrupt with questions. I thought at  
16 first I would just give a very high level overview  
17 of what the receivership is, what we're trying to do  
18 and how we have worked fairly closely with CDCR,  
19 Matt and with PIA to accomplish our goals.

20 The healthcare cases that the state has been  
21 dealing with here and prisons go back 15, 20 years  
22 now. So there is a lot of history to these cases.  
23 I can sum up that history really simply by saying  
24 that several federal courts have held different  
25 aspects of the prison healthcare system to be

1 unconstitutional. Medical, mental health, dental  
2 and aspects of compliance with the Americans with  
3 Disabilities Act, those are all federal cases.

4         The Department has tracked a certain number of  
5 state cases. I don't have to deal with those. My  
6 role is to work really with the federal courts. For  
7 most of these cases and throughout most of the 15-,  
8 20-year period, you have a situation where the  
9 courts have ordered the state to do a variety of  
10 things, and then the state has endeavored to  
11 accomplish those goals. Oftentimes without very  
12 much success.

13         My own assessment of that is that the  
14 Department has been essentially under resourced  
15 rather systematically for quite some period of time.  
16 Although the staff within the Department have done  
17 everything they can to attempt to accomplish what  
18 the federal courts have asked for, there really were  
19 obstacles outside of the Department that largely  
20 prevented that type of compliance.

21         Several years ago, about 2006 and '07, that  
22 led Judge Henderson in the medical case to decide  
23 that instead of this pattern of the court ordering  
24 something and waiting for the state to do it, that  
25 he would actually appoint a receiver to take charge



1 of the medical program within the prison system.  
2 And the order appointing the receiver is structured  
3 so that, essentially, mass powers with respect to  
4 medical care and treatment were vested in a  
5 receiver. And because we had then four cases, not  
6 just the medical case, we had others, eventually the  
7 courts all figured out we needed to coordinate  
8 activity among these cases.

9 Because many of the things that I'm doing in  
10 the receivership benefit directly and relate  
11 directly to providing both mental health and dental  
12 care. So at this point I have responsibilities for  
13 making decisions and resource decisions with respect  
14 to medical care, and am involved in and coordinating  
15 with Matt and his leadership in mental health and  
16 dental. How we are talking steps to improve those  
17 programs as well.

18 The receivership has early on in its history --  
19 there have been two receivers. The first was Bob  
20 Sillen, and I replaced Bob in early 2008. You all  
21 may remember some, if you were around at all, Bob  
22 Sillen's approach was very much a -- I would  
23 describe it as an aggressive attempt to move forward  
24 quickly. Largely using federal powers to  
25 essentially override state processes.



1           So early on he took several steps to move  
2 things along that required additional court orders.  
3 For example, raising compensation level. That made  
4 a huge difference in our ability to attract, recruit  
5 and hang on to clinical staff. So there were some  
6 early steps taken that were very important in  
7 freeing up the ability of healthcare to improve.  
8 Ultimately, Judge Henderson decided that he needed  
9 someone who was going to be slightly less reliant on  
10 federal power and less aggressive towards state  
11 processes, and that he needed somebody who was a  
12 little more willing and able to work within state  
13 bureaucratic systems. And that is when he appointed  
14 me in early 2008.

15           Early on, the first thing I did was put  
16 together a strategic plan. How are we going to fix  
17 this? We did put together a four- to five-year  
18 turnaround plan of action that the court did  
19 approve, that has the sorts of things you would  
20 anticipate. We needed to finish hiring and staffing  
21 up. We needed to improve the quality of staff. We  
22 needed to improve what we call our allied health  
23 systems, the pharmacy, radiology, labs. We needed  
24 to improve our information systems tremendously, to  
25 get -- to move away from purely paper-based systems,

1 that really were dysfunctional and broken down, to  
2 digitally-based systems that we believe are easier  
3 to manage.

4         We needed to do some construction, both new  
5 capacity, new healthcare-related beds, as well as  
6 simply improve the facilities at existing prisons,  
7 where I think the basic story is when the prison  
8 expansion occurred in 1980s and the early '90s. The  
9 prisons were not -- those new prisons were not built  
10 with an eye on providing healthcare. So they  
11 weren't built with standards for providing modern,  
12 medical care. As a result of healthcare staff  
13 working with each of the wardens, they figured out  
14 what type of space they can use, but the space  
15 really wasn't designed for a healthcare program. As  
16 a result, you had, in many places, doctors working  
17 in converted closets. We have space that was  
18 devoted to laundry rooms for certain other  
19 healthcare functions. There's been a lot of  
20 creativity in space allocation decisions. It  
21 remains the case that many of the facilities simply  
22 don't have the right type of space for providing  
23 healthcare. So both new capacity and some simple  
24 improvements in the quality of the space.

25         Now we are about four years into this

1 turnaround plan and we are very largely on schedule  
2 with the improvements that we have said we're going  
3 to do. I think staffing -- we have fully staffed up  
4 now and been fully staffed for several years. The  
5 quality of the staff is much better than it used to  
6 be. We have accomplished a number of the  
7 information technology system rollouts that we  
8 wanted to. We've gotten to the first stage of  
9 developing an electronic health record. We're very  
10 early in that process, but we've -- through scanning  
11 of records, we now are in the position where in  
12 about a year probably about 80 percent of the useful  
13 medical records will be digital, instead of on  
14 paper.

15 We've, just working with CDCR on their major  
16 strategic offender management system, had an  
17 enormously successful rollout of that system just  
18 this week. The Department is moving towards a  
19 digitally based, 21st century management system,  
20 both on the business side and in its management of  
21 offenders. That for us on the healthcare side means  
22 we are finally going to have statewide scheduling  
23 that is linked to custody scheduling, which is a  
24 huge step forward for us. So that we can actually  
25 schedule inmates to visit healthcare without



1 generating all sorts of conflicts. We will be able  
2 to know where the inmates are when we schedule them  
3 properly. There's a lot of movement of inmates  
4 within the system. Scheduling system will be able  
5 to track it much better. It's a big step forward  
6 for, I think, CDCR and healthcare to have this  
7 system rollout.

8 Our performance is measured in a number of  
9 different ways. One way that I measure our  
10 performance is in the number of deaths per year that  
11 are attributable to lack of access to medical care  
12 or medical mistakes. Several years preceding the  
13 establishment of the receivership, the death reports  
14 showed fairly high numbers of deaths that could  
15 clearly have been avoidable if there had been proper  
16 access to care. Including in the year right before  
17 the receivership six deaths resulting from asthma  
18 attacks, that really are inexcusable.

19 The good news on the death reports is that,  
20 beginning about three years ago, we saw about a 80  
21 percent drop in the number of deaths attributable to  
22 clear lack of access to care; and the last three  
23 years we have kept it at that low level. So we  
24 typically have between three and five deaths a year  
25 that are a result of either clear lack of access to



1 care or very, very serious medical errors committed  
2 by clinical staff.

3 Typically, about half of those are medical  
4 errors that are committed by physicians in community  
5 hospitals. Not by our staff. But we don't provide  
6 hospital level care by larger prisons, so we send  
7 people out for care. And mistakes happen in  
8 hospitals. So given the low number of deaths that  
9 we are seeing as a result of lack of access to care,  
10 I do think we have very largely addressed that  
11 problem that was identified by the court.

12 The other performance measure that we use for  
13 medical are audits conducted by the Office of the  
14 Inspector General, where the State and the  
15 plaintiffs' lawyers were able to agree on a very  
16 detailed audit instrument that has about 220 or so  
17 elements on it. And the auditor over a 12- to  
18 18-month period visits every institution, and then  
19 conducts an audit against that instrument and  
20 produces a score. The lawyers were not able to  
21 agree on cut points in that instrument. So we don't  
22 know exactly what score means exactly what level of  
23 care. But the good news is we are about two-thirds  
24 of the way through the second evaluation of each  
25 prison.

1           And we're seeing substantial improvements in  
2 scores, an average about -- it's a hundred percent  
3 point scale. We averaged about 70, 71 percent over  
4 all in the first year. At the end of the second  
5 year of evaluation, in the second cycle, our average  
6 of all is going to jump up to 78 or 79 percent. And  
7 we have a number of institutions now that are at the  
8 80 and 85 percent compliance level and up. And in  
9 my judgment, if I get to 85 percent, I think I  
10 pretty well accomplished my goal for that  
11 institution.

12           So we know that things have been improving over  
13 the last several years. I'm very grateful to the  
14 State for supporting construction of a new facility  
15 in Stockton, for medical and mental health beds.  
16 That is going to make a big difference when that  
17 construction is concluded in the year 2013. There  
18 are in the mental health case a number of smaller  
19 projects going on around the state right now that  
20 are going to substantially improve the quality of  
21 mental healthcare and respond to court orders in the  
22 Coleman case.

23           So the State is making, I think, good progress  
24 in all of these federal cases. The dental case is  
25 probably the clearest progress. Half of the

1 institutions now have been assessed by the court  
2 monitors in the dental case as being in compliance.  
3 And we believe probably within maybe the next six  
4 months, I think that's about right, I would expect  
5 all of the prisons will be in compliance in the  
6 dental case, subject to only some remaining  
7 construction that has to be done. So the State is  
8 making very good progress at this point in all of  
9 these cases.

10 It does come with costs, and that is something  
11 that I am very much aware of and sensitive to. That  
12 every dollar that we spend is a dollar that the  
13 State is not able to allocate to other programs that  
14 have, I think, higher priority, certainly from a  
15 political perspective. And we've been doing quite a  
16 lot over the last two or three years to reduce our  
17 expenditures and get them in control.

18 I think it is fair to say, when I first was  
19 appointed, our expenditures were on a pretty rapidly  
20 rising elevator. We were headed towards, in just  
21 medical care, two billion and up pretty quickly.  
22 And we did put into place a series of cost  
23 containment measures that ultimately resulted in us  
24 reducing our expenditures by about 3- to  
25 \$400,000,000 annually. So we were able to turn our



1 expenditure curve, our cost curve, down to a level  
2 that we think we can maintain the program.

3 Further cuts, major cuts, are going to be much  
4 more difficult for us, frankly. We are getting  
5 close to a point where we have done just about all  
6 we are able to do, short of really beginning to deny  
7 access to certain quality of care. And that is  
8 going to present a challenge for the State. It  
9 presents a challenge for all states.

10 Texas, for example, had its federal litigation  
11 back in the '90s, '80s and '90s. They found a  
12 solution by turning to the University of Texas to  
13 provide healthcare in their prison system. Very  
14 innovative solution. That worked for them. They  
15 got out of federal cases around 2001, I think it  
16 was. But in the last couple years the Legislature  
17 has started to say that it's too expensive. And  
18 this year the University has decided it's no longer  
19 -- it's going to try to back out of this  
20 responsibility, saying to the Legislature, "You have  
21 cut this too much. We are losing money on it. We  
22 can't provide services given the appropriation you  
23 have given us."

24 I read a story just today where they think  
25 there is a \$100,000,000 additional cut the



1 Legislature would like to make, and the University  
2 simply has said no. And you are now starting to see  
3 the prison advocates down in Texas say, "Well, maybe  
4 we have to go back to federal court if you're going  
5 to cut the resources out. We're going to have no  
6 choice." And I certainly hope we don't see that  
7 sort of cycle in California.

8         That's sort of where we are with the  
9 receivership. We've had very good luck, I think,  
10 with the receivership because we recruit around us a  
11 group that is bureaucratically entrepreneurial.  
12 Those two words may not go together often, but I  
13 think that's what we've got. I don't have to rely  
14 upon federal court orders or powers very much any  
15 more; and it is my last choice. Judge Henderson  
16 wanted me to work as much as I can within the  
17 state's bureaucratic system. So only after I have  
18 exhausted every possible avenue, do I then look to,  
19 okay, how do I accomplish this in some other way.  
20 And we haven't had to seek a court order in several  
21 years now.

22         In fact, I'm proud of the fact that I've been  
23 litigation free for almost two years. I think a  
24 sign of problems is when you're in court. As a law  
25 professor, I do get away with saying that. When

1 you're having to litigate, it means you've done  
2 something wrong. We should be able to accomplish  
3 this without having to make everything a federal  
4 case.

5       One of the nice things about the state  
6 bureaucratic processes -- and I know people like to  
7 dump on the state bureaucracy quite a bit and the  
8 state processes. I do it sometimes myself. But one  
9 of the nice things is that there are usually lots of  
10 ways of accomplishing a particular goal. So if you  
11 are pushing in one direction and you run up against  
12 a bit of an obstacle, there is almost always some  
13 alternative way of getting to where you want to get  
14 to. And it is a matter of knowing what the  
15 alternative processes are, who are the key people  
16 who can make those processes work for you, and then  
17 how you approach them and how you justify what it is  
18 you want to do.

19       I do think of PIA as one of those wonderful  
20 resources that, when we are having trouble  
21 accomplishing something in one way, I always know  
22 that PIA is here as a potential solution for  
23 problems that we aren't being able to solve through  
24 other alternatives. And we have resorted to - and  
25 that's probably the wrong adjective - but we've used

1 PIA's resources frequently. Recently, with PIA you  
2 all completed some warranty work that needed to be  
3 done on some of our fifth-wheel trailers. We were  
4 having difficulty getting the manufacturer to  
5 complete those repairs. So we turned to you, and it  
6 got done.

7       You have recently completed a telemedicine  
8 modular, a pilot modular, for us up at Pelican Bay,  
9 which again is something that, if I had to try to do  
10 this through a procurement process or through  
11 capital outlay, would have been problematic for us.  
12 We would have run into serious obstacles. You  
13 manufactured -- I haven't seen one of these, but  
14 I've been told you have manufactured 30 gold coats  
15 for us at CIM as part of a pilot project there  
16 dealing with inmate assistants for healthcare.  
17 Of course, you manufactured quite a bit of furniture  
18 for us in various activation's. I understand we are  
19 working with you now on the furniture for the new  
20 healthcare site that we entered into a lease on.  
21 Then there is a very important realignment related  
22 program at CMF where we have turned to you to help  
23 us with janitorial services and certification of  
24 training of inmates in healthcare janitorial.

25       One of our concerns, not a concern, but a



1 problem with realignment is, because of the inmates  
2 being realigned, we are likely to be losing some of  
3 the janitorial staff. And so we've had to figure  
4 out, all right, how do we do this in a slightly  
5 different way. And some of the healthcare  
6 janitorial services are quite specialized and do  
7 require special training. For inmates who get that  
8 training and certification, it is a ready job out in  
9 the private sector. So it really fulfills  
10 frequently PIA's mission and helps us with something  
11 that is a very serious licensing problem that we  
12 have had, and that is keeping our licensing  
13 facilities appropriately clean.

14 So those are just a couple of the examples of  
15 what I consider great successes we've had working  
16 with PIA. And I continue to look forward in drawing  
17 upon your resources as appropriate. With that, I  
18 will stop and, Mr. Chairman, see if there are any  
19 questions or comments.

20 CHAIR CATE: Thank you very much.

21 We do appreciate the work as we are all  
22 believers in trying to keep our inmates not only  
23 occupied as a bottom goal, but the better goal to  
24 train them to be successful on the outside. So I do  
25 appreciate that very much.



1 Board Members, any questions for the federal  
2 receiver?

3 Excellent presentation.

4 MEMBER MASTELLAR: I was just curious about  
5 the modular building at Pelican Bay. Is that  
6 something that is going to be able to be utilized at  
7 any of the other prisons? Is it a pilot?

8 MR. KELSO: It is a pilot to see whether we  
9 can provide better telemedicine space at other  
10 prisons. We picked Pelican Bay because we have,  
11 still notwithstanding the higher salaries and  
12 incredible recruiting efforts, we still are short  
13 staffed in healthcare up at Pelican Bay. It's just  
14 a very difficult place to find people who want to go  
15 there. We needed to improve the telemedicine  
16 capacity at Pelican Bay in order to mitigate our  
17 lack of staff. So that is why we chose it.

18 In other prisons we have also been expanding  
19 the use of telemedicine. It does several things for  
20 us. Most of our telemedicine is telemedicine with  
21 an outside specialist. And if we don't use  
22 telemedicine we then have to transport the inmate to  
23 the specialist. Very few specialists are willing to  
24 travel out to the prisons; and the costs of doing  
25 that transportation are quite substantial.

1           So it happens to hit Matt's budget more than  
2 mine. But it hits a travel and custody budget every  
3 time we send an inmate out. So we generate lower  
4 costs overall for CDCR by having an expanded  
5 telemedicine program. We have seen about a 30 to 40  
6 percent increase in telemedicine utilization over  
7 the last year. As a result of this effort, I expect  
8 that to continue rising.

9           What we've not yet done that they did in Texas  
10 with I think great effect is use telemedicine purely  
11 internally with our own physicians so that we can  
12 provide primary care treatment between facilities.  
13 We just haven't done it yet. We have focused on  
14 let's reduce the number of trips going out because  
15 that is where the expenses are. We ultimately need  
16 to expand the program further into between prison  
17 telemedicine, which, at least in Texas, they  
18 discovered helped them reduce overall staffing. If  
19 we are successful with this modular unit up at  
20 Pelican Bay, I would anticipate that we would look  
21 at other institutions where that model might help.  
22 One of the things that we are right now in the  
23 process of doing.

24           We have identified about 11 institutions that  
25 we have designated as intermediate hubs for

1 healthcare. And the idea is to take inmates who  
2 have a certain level of healthcare needs, not the  
3 most serious ones, put them in the hubs, and then  
4 we'll have the remaining institutions be basic  
5 healthcare. Typically, these institutions will be  
6 the ones in the more remote places of the state.  
7 That is where I am probably most interested in  
8 having increases in telemedicine.

9 So if the modular works at Pelican Bay, we'll  
10 take a hard look at the return on investment of  
11 doing modulars at other prisons.

12 MEMBER MASTELLAR: Thank you.

13 CHAIR CATE: Again, thank you very much. I  
14 appreciate your taking time to come. Thank you for  
15 an excellent presentation.

16 MR. KELSO: Thank you, Mr. Chairman.

17 CHAIR CATE: I think we will take -- I know  
18 our Court Reporter or reporter in general, meeting  
19 reporter, has been going strong for two and a half  
20 hours. So if we can, I just suggest we take a  
21 five-minute break or as what we call here a  
22 one-two-three-four-star break.

23 We're back in five minutes.

24 (Break taken.)

25 CHAIR CATE: We just took a five minute



1 break. Call the meeting back to order. Just note  
2 for the record we have our Board Members still  
3 present.

4 Mr. Pattillo, any further action items?

5 MS. GUARE: Yes, E.

6 MR. PATTILLO: Mr. Chairman, as we're back  
7 on the record, I wanted to apologize, Mr. Secretary.  
8 I didn't mean to imply that Dr. Kelso had a harder  
9 job. I think he has a harder sell than any of us.  
10 Selling care to the public is a hard one.

11 Item E, change of Prison Industry Board policy  
12 regarding transcripts of PIB meetings and public  
13 hearings as the official record.

14 Board Members, a couple years ago, actually,  
15 when I started with PIA, the way the Board meetings  
16 were occurring, there was no recording of the Board  
17 meeting itself. The Executive Secretary would take  
18 notes, and there we would have a summary of actions  
19 written up, including the action's vote and the vote  
20 taken.

21 There are some issues about the interpretation  
22 of what was said there. So we always didn't have  
23 the greatest notes. So we shifted into doing a  
24 regular court reporter transcript, which we have  
25 right now. But at that time we continued to do the

1 summary at the same time. As that went along, the  
2 process that this Board approved about a year and a  
3 half ago was we would do the transcripts. We would  
4 approve the summary of minutes. As soon as the  
5 summary of minutes were approved by this Board, the  
6 transcript would be destroyed because we had the  
7 summary that became the official meeting notes. We  
8 got a little criticism about that, about doing --  
9 destroying them, that really wasn't what was said at  
10 a meeting.

11 So I'm looking for a way to basically  
12 eliminate criticism about a process. And what this  
13 item is suggesting is that we adopt the policy as  
14 follows: The transcripts will stay. The day of the  
15 meeting or the day after when they come back  
16 certified to us, those are the summary of minutes.  
17 We would no longer come back to the Board with an  
18 action item as those are the official minutes. We  
19 would no longer come back with a separate summary of  
20 minutes that the Board would again vote on them.

21 It does two things for us. It removes any  
22 misinterpretation of anything because it is on the  
23 record. We will be posting the transcripts up on  
24 our website. And two, what it allows us to do is  
25 expedite the regulation issues we have. Because the

1 Office of Administrative Law now states that we  
2 cannot submit regulation changes, as you approved  
3 today, until you approve the minutes at the  
4 following Board minute. So, as you saw, we had two  
5 sets of Board minutes here. They were from six and  
6 nine months ago. We've got stuff waiting for just  
7 submission for nine months. Now, today, with the  
8 policy being changed, if it is changed, I can submit  
9 my regulations tomorrow.

10 What I'm asking the Board to approve is this  
11 policy that will state that the transcripts are the  
12 official minutes, and there is no requirement that a  
13 summary be made of those minutes. And we just post  
14 those minutes to our website, and that is the end of  
15 it.

16 CHAIR CATE: Thank you.

17 Any discussion from Board?

18 MEMBER KELLY: I have one. So because it's  
19 word for word, there is no need for approval of the  
20 minutes, then?

21 MR. PATTILLO: No need for approval of the  
22 official transcript. Really, the requirement for  
23 approval was coming back as we were actually doing a  
24 summary, which you would then have to say nay or  
25 aye, that this is really what occurred.



1           What Jeff was saying, the procedure allows me  
2 to say that they have been certified by the  
3 transcript, and that is the official record and up  
4 they go.

5           MEMBER KELLY: Thank you.

6           MEMBER SAITO: I have a question. I'm in  
7 favor of this. Would you guess how much -- or are  
8 the transcripts three or four or five times longer,  
9 bigger?

10           MR. PATTILLO: I would bet at a minimum  
11 they are probably three times as long. But what  
12 also goes to this is the cost savings measure.  
13 Because the time it takes our staff, me and  
14 everybody else, to go through this document time  
15 after time to make sure before we prepare it, it's a  
16 couple hundred hours that we spend on it.

17           MEMBER MASTELLAR: Will what is posted  
18 include the agenda? Because I think that in  
19 reviewing a transcript, if a Board Member was going  
20 to go back and review it, if they got to see the  
21 agenda, then they might be able to specifically go  
22 to that area of transcript that --

23           MR. PATTILLO: It's posted now. We post  
24 them all prior to the meeting, up there. We post  
25 the record of vote, also. So this would just be

1 adding one more posting. We can probably make them  
2 interactive, where you can go click on that actual  
3 action item and find it.

4 MEMBER MASTELLER: It would be easier for  
5 people to review. The wonderful thing about a  
6 summary is how brief it is.

7 CHAIR CATE: Does the Board -- again, if  
8 people have a preference, feel free to state it  
9 before we have a motion. If you prefer that we not  
10 do this, we can continue on with summarizing the  
11 minutes and voting on them as we have been.  
12 Obviously, feel free to raise your hand and make  
13 your case. I, for one, don't -- I don't really care  
14 very much either way, frankly, as long as we have an  
15 accurate record.

16 Any concerns?

17 MEMBER SINGH: I think it is a good thing  
18 we approve this.

19 CHAIR CATE: Thank you, Mr. Singh.

20 We have a motion to approve.

21 MEMBER SAITO: Second.

22 CHAIR CATE: Before I call the vote, any  
23 public comment on this action?

24 Hearing none, all those in favor of the  
25 recommendation that the Board approve the revised

1 policy provided in Exhibit E1, please say aye.

2 Any opposed.

3 All right. Carried.

4 Moving to informational items.

5 MR. PATTILLO: Yes, Mr. Chairman.

6 The first information item is -- this was  
7 borne out of a meeting with DGS a couple months ago.  
8 Board Member Almanza, myself, my staff and Director  
9 Klass of DGS had an initial meeting when the new  
10 Director came in and the new Chief Deputy Director  
11 came in, which Esteban's job is.

12 One of the questions was: PIA, tell us why  
13 you are not always the lowest price. What  
14 impediments are there out there? I spoke with  
15 Secretary Cate about this and discussed that this is  
16 good information for the entire Board to have, to  
17 talk about openly. I think it is good talking  
18 points for you all when folks have a criticism about  
19 pricing or anything about PIA.

20 The state auditor just came back with a very  
21 good audit that said 60 percent of the time we are  
22 the lowest. In cases where we are not, there could  
23 be a reason why. One of the things was license  
24 plates. Are there other states that could do it  
25 cheaper? Yeah, there are actually other states that



1 can do it cheaper because they do things  
2 differently. It is not always an apples and oranges  
3 issue.

4 In a sampling by the state auditor in May, it  
5 said of 11 products six offered by PIA were lower  
6 than the private sector alternatives. And they also  
7 found out if our largest customers purchased all of  
8 the 11 items instead of the private sector, the net  
9 savings would have been about \$3.1 million.

10 The other things that keep us really from  
11 being the lowest priced each and every single time  
12 is about seven items. It is a limited market.  
13 Under statute, our domestic market is restricted,  
14 obviously, as you know, to government entities. I  
15 think a lot of people still out there in the public  
16 think that we sell to the private. We don't. The  
17 only thing we can sell privately is an agricultural  
18 byproduct. I can sell milk to anybody, but we  
19 don't. I can sell almonds to anybody. Our hay,  
20 anything like that. There are a lot of those  
21 things. If we raised fish, I can sell fish.

22 The type of products that is offered also  
23 precludes CALPIA from implementing greater economies  
24 of sale than our production capabilities. Less  
25 flexibility. Marketing tactics, such as loss

1 leaders, charging associated services and offering  
2 inexpensive offshore goods or produced  
3 out-of-country goods is something that we are not  
4 allowed to do.

5 The next issue would be the other post  
6 employment benefits. As we've spoken before, we are  
7 only one of two state agencies paying that six plus  
8 million dollar charge a year, and that goes right to  
9 our bottom line.

10 Civil service employment base. All CALPIA  
11 employees are hired and retained within state civil  
12 service rules, with salaries and wages and benefits  
13 defined by the State of California. A lot of our  
14 wages and benefits exceed the private sector for our  
15 factory folks. A printing supervisor in the state  
16 is going to be paid more than a printing supervisor  
17 in some private entities. The same way with metal  
18 supervisor. It is a different environment, of  
19 course, but there is that issue.

20 The benefits associated with state employment  
21 are significantly higher than in the private sector.  
22 We have no control over our civil service wages. We  
23 do not negotiate any of the contracts. They are  
24 negotiated on a statewide basis. We're not allowed  
25 to contract out in the private sector, except in

1 cases where we discussed, either there is an  
2 individual or persons who cannot fit that  
3 classification. Like -- I'll give you an example,  
4 our diving folks. We can't find that in the public  
5 sector. Some of our carpentry folks we can't find  
6 that in the private sector, so we are contracting  
7 out for those services. In certain cases, staff can  
8 be contracted with directly. We have done that in  
9 certain cases.

10 Correctional environment is the next one,  
11 correctional security lockdowns. I have a three-day  
12 lockdown last night from CIM. We have to get juice  
13 out; we have to get laundry out. Our staff is doing  
14 it on overtime now. That is what's occurring.

15 Pro rata payments to the state. This is  
16 something that comes up all the time. As you know,  
17 on day one of the budget year, I start out \$4.6  
18 million in the hole for pro rata. As much of the  
19 jokes I make of the pro rata, I don't believe our  
20 agency should pay it. Because we are paying for  
21 part of state government overhead which we really  
22 don't use. No offense to DGS, but I pay a portion  
23 of that. You heard me at the June Board meeting in  
24 the Legislature, that we pay over \$200,000 year for  
25 pro rata support from the Legislature. We're not on



1 budget. They don't review our budget, but it's kind  
2 of necessary thing in the state - Department of  
3 Finance, State Controller, those kind of things.  
4 We're paying for these services. Most business  
5 aren't paying an overhead rate such as that.

6 Last one is the one we are kind of working on  
7 right now. It's our unfavorable sales tax approach.  
8 We, as a manufacturer -- any manufacturer in the  
9 state, with the exception of PIA, can buy raw  
10 materials and not pay the sales tax because they are  
11 allowed to charge sales tax to the eventual  
12 customer. We cannot do that for state customers.  
13 We have to pay the sales tax up front on our raw  
14 materials and roll it into the price of our product.  
15 A lot of times when folks do price comparisons, they  
16 forget that there is a 7 percent, or whatever it may  
17 be, sales tax that is included actually in the price  
18 of our item versus after the fact. So it always has  
19 to be an apples-to-oranges comparison --  
20 apples-to-apples comparison.

21 That is just kind of more of a talking point  
22 for everybody. This question does come up: Why is  
23 PIA not the cheapest? We are trying. Our overhead  
24 rate is reduced significantly if you look at our  
25 budget numbers we provided you.

1 Overhead in central office. Reorganization is  
2 bringing us down. We are doing a very good job of  
3 that. However, at the same time we are chasing raw  
4 material increases, gas increases, everything else.  
5 Fuel increases throughout the state that we are --  
6 they are pretty hefty. We're trying. We're working  
7 with DGS very closely. One of the things that  
8 Director Almanza had pointed out to me yesterday is  
9 that one of the things I didn't put in this document  
10 is what other things PIA is doing that a normal  
11 business wouldn't be doing. And one of big things  
12 is IEP. We have -- no private company has a  
13 training program similar to what we do. We do  
14 vocational education within our business. We also  
15 do ID projects. We're making sure that everyone of  
16 our guys gets an ID. There is a longer list of  
17 things that we didn't include in here that we need  
18 to work on in this document to make sure it is a  
19 living, breathing document for Board Members to  
20 speak from and for staff, and to inform the  
21 Legislature, also.

22 CHAIR CATE: Thank you.

23 Any questions from the Board on this  
24 informational item?

25 MEMBER ALMANZA: I want to thank Mr.

1 Pattillo for responding to us and for working with  
2 us in helping us understand the nature of the  
3 business.

4 CHAIR CATE: Thank you. We will go on to  
5 the next informational item.

6 MR. PATTILLO: The next informational item  
7 is just background because there was a lot of  
8 discussion last time about our food packaging  
9 operations, what we do. So this is more for Board  
10 Members to kind of get more familiar with what we do  
11 and what are the issues regarding food.

12 Since the inception of our consumable  
13 enterprise, we've developed new products and new  
14 customer demand along with facility investments that  
15 allow CALPIA to meet demand more efficiently. We're  
16 currently evaluating and developing additional  
17 products, and this Board has authorized to activate  
18 a satellite facility down in Corcoran State  
19 Prison.

20 At our June meeting, PIB approved annual plan  
21 that included a revenue reduction in food of \$2.2  
22 million. Part of that is based on we know that  
23 we're losing 30-something thousand inmates over the  
24 next 36 months. So we know our volume is going to  
25 come down.



1           Food and beverage packaging started in 2004,  
2   and our food packaging operations are located at  
3   SATF, substance and abuse treatment facility, in  
4   Corcoran, CIM in Chino where we do juice. And we  
5   are in the process of -- this is process, but it is  
6   activated at Corcoran State Prison.

7           The activation facility. Right now what they  
8   are doing is packaging a boxed lunch product, which  
9   is in front of you right there. But we're only  
10   marketing that internally. We are providing that in  
11   a testing basis to our own inmates. So we're  
12   feeding our own inmate workers right now. We're  
13   doing very few variations. I think there is only  
14   three types of lunches that we do - bologna, turkey,  
15   peanut butter and jelly. I think what is in front  
16   of you right now is peanut butter and jelly.

17          Two things: boxed lunches and peanut butter  
18   and jelly. How did we get here? We don't think up  
19   these things over night. We actually work with the  
20   Department of General Services. And over the last  
21   couple of years, those two specific items, peanut  
22   butter and jelly and boxed lunches, was out of a  
23   request by the Department of General Services to  
24   develop it because there wasn't such a competition  
25   in the state for these things. Both of those items,

1 as we produced them, we kind of got hung out there a  
2 couple times on hearings and whatnot after we were  
3 chasing an item that DGS was suggesting.

4       What we are seeing right now is that DGS is  
5 helping us out on this. This is why we're doing  
6 this and whatnot. This item that you're looking at  
7 right now, and we're finding out in institutions,  
8 though, is some institutions are averse to this  
9 product because of the waste of materials. Everyone  
10 of those items that you have in there we do  
11 packaging already. And the normal procedure is for  
12 us to ship that out in bulk. We've got a line of  
13 inmates, guys who are packing their own lunch. As I  
14 like to say, it is the difference between me packing  
15 my kid's lunch and giving them a lunchable. That is  
16 a lunchable. It is a higher cost product because it  
17 is being done outside.

18       A lot of institutions are going back to the  
19 bulk now. But their big push is really they don't  
20 want individual portions. They want to go back to  
21 the big bulk tubs of stuff where they're just  
22 scooping it out and handing it out on traditional  
23 lines. We're going to do whatever the customer  
24 wants, in the end.

25       In '10-11, our food and beverage packaging

1 sales was about 14,000,000. In the same period CDCR  
2 purchased \$39,000,000 in similar food that we do.  
3 So we had about 14- of it. Similar food was 39-.  
4 The total additional spend is about another  
5 \$72,000,000 in other food products that we either  
6 stopped doing or they do it. Maybe a different kind  
7 of food product; like, we don't do lettuce. So  
8 there's a lot of produce and whatnot that is bought  
9 at each individual prison.

10 Our current products right now: peanut butter  
11 in individual packages, jelly, sliced bread, hoagie  
12 rolls, cookies, juice, syrup and individual packaged  
13 lunches. As I mentioned before, DGS requested that  
14 CALPIA develop several new products where DGS  
15 concluded there's a lack of vendors in the  
16 competitive bidding process. In 2010 DGS requested  
17 that we consider individual packaged lunches. As I  
18 said, we are currently testing this with our own  
19 inmates, internally.

20 Lobbying, lobbying activity right now. You're  
21 seeing -- I know individuals are getting emails that  
22 I -- forwarded on to me just discussing what's going  
23 on. Maybe not the most accurate information, but  
24 this was to provide you a little bit accurate  
25 oversight. It's apparent that a growing number of



1 stakeholders have an erroneous misunderstanding of  
2 our consumable enterprises. Several factors,  
3 including aggressive activity by lobbyists whose  
4 real role is to advance the needs of their  
5 customers, not bolster PIA. So I understand that  
6 aspect of it.

7         We've had some very productive meetings with  
8 the State Consumer Services Secretary. Secretary  
9 Cate met with us last week. One of the issues is  
10 looking at -- two issues. One is that a provision  
11 of the Government Code that states that pricing  
12 should always be based on a best value scenario.  
13 Well, we consider best value should be recidivism  
14 reduction included in those prices. It is not  
15 always a price-to-price issue. Folks are also  
16 wanting to get -- small business would like a carve  
17 out, shall we say, an off-ramp where they could get  
18 up to \$250,000 off-ramped. Entities could buy from  
19 them instead of buying from us. That is all being  
20 discussed at the Secretary's level. We are involved  
21 in that discussion. Director Almanza actually is  
22 involved in that very heavily, in those discussions.

23         I know our next step is we are meeting with  
24 three legislative members, one Congressional member  
25 who has concerns about this. As we have stated

1 before, the impact to a lot of this is Central  
2 Valley; that's where we're at.

3       The conversion always is that PIA impacts the  
4 private sector. We absolutely do impact the private  
5 sector. We create jobs. We spend a lot of our  
6 money out in the private sector. We have thousands  
7 of jobs that would not exist if it wasn't for PIA.  
8 There actually is an impact to the entire economy  
9 that has to be taken into consideration. All of  
10 those facts and figures you've seen in reports that  
11 we've gotten from the University of Nevada, Reno.  
12 We'll have a new one kicking off at Sac State very  
13 shortly here, as well as the other programs that we  
14 do, CTE programs. They all have an impact on the  
15 economy of California.

16       Anything to add here?

17       MR. WALKER: Not really. Chuck covered  
18 pretty well. He did emphasize we are actually --  
19 have actually -- we are working on that. We  
20 certainly have committed some expenses to that. We  
21 haven't started sales to the prisons yet. These are  
22 internal. And we are still awaiting a policy  
23 statement, which I understand is coming out of CDCR  
24 soon as it relates to boxed lunches in general,  
25 which way the Department wants to go with boxed

1 lunches. Should they continue to buy them at a  
2 higher cost or use them just for emergency purposes  
3 and use bulk for everything else. So we're really  
4 just positioning ourselves to address that policy  
5 one way or another once it is established.

6 MEMBER KELLY: Just so the record is clear,  
7 you didn't mean to say we're going to sell to the  
8 public sector?

9 MR. WALKER: No. That was a  
10 misstatement.

11 MEMBER KELLY: Sounds good now that we have  
12 it all on video and tape-recorded.

13 MR. WALKER: Thank you.

14 CHAIR CATE: Other questions on this issue?

15 MEMBER MASTELLER: I have a concern. Just  
16 in reading and preparing for this meeting today,  
17 there were two letters that really concerned me.  
18 One was the letter to Anna Caballero from Henry  
19 Perea with respect to a request to freeze PIA  
20 expansion. And then it is just a blanket request  
21 without much background as to why that should occur.  
22 And then Anna Caballero from the State Consumer  
23 Services Agency, her response. And I think it is  
24 really important for this Board to keep in  
25 perspective that response because the lobbying



1 that's been going on and these emails that we've  
2 been getting pertains specifically to this. And  
3 certainly the Small Business Administration and the  
4 Department of Veterans and the veteran's business is  
5 extremely important. But I think the spirit of Ms.  
6 Caballero's letter is really important, too. And  
7 that there is a balancing act here. You have small  
8 business and you have veterans able to go out to  
9 private industry, and we have PIA that is very, very  
10 limited with respect to where it can competitively  
11 be in business.

12 And when you look at it, the second page of  
13 Ms. Caballero's letter, where she talks about 65  
14 percent, I think, of our business, 65 percent of our  
15 statewide food contracts are with the small business  
16 and the Department of Veterans. You know, that to  
17 me doesn't seem particularly balanced if we are  
18 thinking about PIA in there. Especially since we  
19 can't go out to the private sector.

20 So I am concerned with this off-ramp program  
21 you're talking about. To me, just being an attorney  
22 and working with individual clients, if I have a  
23 loophole like that off-ramp program that my clients  
24 can take advantage of, I'd have a whole lot of  
25 separate contracts for under \$250,000 that I'd go

1 out and work on so I never have to have PIA in, in  
2 bidding on a contract.

3 So I understand it is a pilot situation? No?

4 MR. PATTILLO: That's what they're asking  
5 for. That's not necessarily what the Secretary says  
6 she is going to do. They're looking at everything.  
7 When we spoke with the Secretary the other day, with  
8 Secretary Cate, myself, Director Almanza was also  
9 there, we pressed our case on this issue. She has  
10 all the information; we've been providing that. We  
11 did explain that this could be very harmful to PIA  
12 and just the utilization of this off-ramp could  
13 destroy our food business.

14 MEMBER MASTELLER: I think so. If we're  
15 going to balance the interest, we need to balance  
16 fairly so it is apples and apples. Everybody should  
17 be able to show up and bid, and we should look at  
18 the costs and the bottom lines and, obviously,  
19 recidivism has to be part of what we look at with  
20 respect to our cost. I understand everybody is on  
21 high alert with respect to what they're spending,  
22 and they should be. But at least there should be a  
23 playing field that is fair to start with.

24 This seems to me like we are cutting off that  
25 ability or PIA is being cut off from that ability if

1 we don't say something about this off-ramp program  
2 and the balancing overall. Because 65 to 35, you  
3 know, I'm not particularly wonderful at math, but  
4 that doesn't seem necessarily balanced.

5 CHAIR CATE: Other comments?

6 MR. PATTILLO: When that 65, we're talking  
7 that 65 is with small businesses. That other 35 is  
8 not us. A very small percentage of that is us.  
9 There is big businesses that are in the food  
10 business, also. The way that is written is probably  
11 not all the numbers are up front. The off-ramp  
12 makes sense for IT companies, maybe office supplies  
13 where they are all coming from the same company.  
14 This is an entire shift of a manufacturing process.  
15 Little bit different.

16 CHAIR CATE: One issue that's come up in  
17 the past is this question of was PIA authorized to  
18 get into or expand into the boxed lunch area at all.  
19 And Mr. Trujillo in a previous meeting expressed  
20 some concerns that the Board had said, at least in  
21 an open hearing setting, that we'd prefer to approve  
22 any expansion into boxed lunches. My recollection  
23 is that wasn't done in a noticed meeting and wasn't  
24 an official act of the Board, necessarily. But  
25 there was some concern about it because there was a



1 previous meeting where members of the public and  
2 private sector came in and said they had a lot of  
3 jobs at stake on this boxed lunch deal and would  
4 like to be heard. Before we decide to start buying  
5 boxed lunches from PIA, we want to be heard on the  
6 issue in front of the Board.

7         So I just wanted the Board to be aware that  
8 the Department is not purchasing boxed lunches from  
9 PIA at this point, although PIA has started to  
10 produce and test market them for lunches within PIA  
11 itself. We haven't crossed that line as of yet.  
12 Whether we want to do an action item on this is up  
13 to the Board. If you want to hold an open hearing  
14 on the matter is up to the Board. We can discuss  
15 that. I know that Mr. Pattillo has room within his  
16 revenue to expand food services, and we've approved  
17 that. He has room within that. He's brought it  
18 down at our request. But I think he has room within  
19 that to conduct boxed lunches.

20         I want to make sure Board Members are aware we  
21 haven't crossed that line yet. Just because I know  
22 there was some disagreement about what exactly  
23 happened at these previous meetings, and I didn't  
24 want anyone to think Mr. Pattillo had started or the  
25 Department had started to get involved in any

1 practice without coming back to the Board and  
2 talking about it.

3 Any questions about that?

4 Normally, we reserve comments to the end of the  
5 informational section, but if there is somebody from  
6 the public that wants to comment on this issue,  
7 particularly, you are welcome to do that at this  
8 time.

9 Seeing none, we move to our last two  
10 informational items.

11 MR. PATTILLO: Scott Walker, General  
12 Manager of operations.

13 Really quickly, if I can, I have a few staff  
14 here before the end of the meeting, if I can get  
15 them to stand up.

16 Ben Wald is our Chief of accounting. Gary  
17 Alarid is Chief of Budgets. Carla Young, sales and  
18 marketing. Marisela Montes, you heard me extol her  
19 virtues. And I won the pool on what color suit she  
20 was going to wear today. Eric Reslock is our Chief  
21 of Public Affairs. He's in the back. And, of  
22 course, Jeff Sly, who you met, is our attorney.

23 MR. WALKER: Good afternoon, Mr. Chair,  
24 Board Members. Real quickly, I will go through lost  
25 hours for the fourth quarter of 2010-2011. Lost

1 hours increased -- total available hours, I should  
2 say, increased by 3 percent. We had a few more  
3 inmates on the job, which is a good thing. Actual  
4 paid hours also increased. Total lost hours did  
5 increase as well. The big issue for total lost  
6 hours was industry-related, and that is directly  
7 related to our fiscal inventory that we do every  
8 year. We have shut down a lot of operations for the  
9 last month of June; that's reflected here.  
10 Everything else kind of stays the same. Custody  
11 hours went down a little bit, lockdowns in that same  
12 period. That's kind of a snapshot.

13 Any questions on the lost hours overview?

14 The next page shows inmate assignments. I  
15 also have a five-year version here that kind of  
16 gives a broader perspective of inmate assignments.  
17 They are continuing to decrease as we close some of  
18 these operations. Particularly, the latest decrease  
19 has come from the deactivation of some of our CTE  
20 programs, particularly at CSP Sacramento. So we are  
21 cognizant of the reduction in inmate assignments.  
22 We are working to establish some new programs, new  
23 assignments out there. The B facility satellite  
24 food operation at Corcoran, which will be the first  
25 step in that direction. We hope to employ at least



1 40 inmates there in the next couple of months. So  
2 we hope to see this number come back up.

3 Any questions?

4 MEMBER ALMANZA: What's an assignment?

5 MR. WALKER: Assignment is a -- we have a  
6 number of inmate assignments. So each inmate that  
7 we have, each slot that we have at each of our  
8 enterprises is considered an assignment. This shows  
9 how many inmates we had assigned in all of our  
10 enterprises, historically. And as you can see, it's  
11 been coming down with the closure and revenue  
12 reductions, et cetera, et cetera.

13 No questions on that. I will move to  
14 certification, which is the next information item,  
15 I. We have made a very concerted effort in this  
16 area to do a much better job of inmate  
17 certifications. What you will see is fiscal year  
18 '10-11 we had actually 1,566 nominations. Not in  
19 your information, last year we had a total of 532.  
20 So we've increased that by 200 percent over the last  
21 year. We've done a great job of emphasizing, i.e.,  
22 it's what we're here for. We really tried to make  
23 sure that the folks out in the field get that. That  
24 PIA, there's nothing unique about the goods and  
25 services we provide. What we are here for is to

1 rehabilitate inmates. That emphasis is shown here  
2 in the number of enrollments in the certifications.

3 Any questions on that, enrollments?

4 And just one more note that we actually just  
5 rolled out five additional certifications for health  
6 and safety and maintenance and repair that are going  
7 to get us moving in the right direction in those  
8 areas as well.

9 The next page shows how many of those  
10 certifications were closed. We had 385 closed in  
11 the same fiscal year. That number needs to get  
12 better. You can see from the enrollments they  
13 increased dramatically. We expect that number to  
14 get better. Having said that, it's still an  
15 improvement over last year, but it still needs to  
16 get better. So we're emphasizing that.

17 Any questions?

18 The next page you will see internal  
19 certification process. We had a total of 1,374.  
20 One of the things we are doing with this is  
21 standardizing it a little more than it has been in  
22 the past. This process has been one where it wasn't  
23 completely formalized. We are going to completely  
24 formalize that in conjunction with standard  
25 occupational codes. So that when inmates get these

1 internal certifications, they will have as much  
2 clout, per se, as the ones they get externally.  
3 Employers can have a certain expectation that the  
4 inmates with CTE certifications will be able to  
5 successfully perform those job functions when they  
6 get out. This is an area that we are really trying  
7 to improve the credibility and integrity in that  
8 process.

9 Any questions?

10 MR. PATTILLO: At this time that concludes  
11 our presentation, except for external affairs,  
12 legislative update. I'll have Eric come up and  
13 give that portion to the Commission.

14 MR. RESLOCK: Afternoon, Mr. Secretary.  
15 Afternoon, Board Members.

16 I just have a few items to brief you on. I am  
17 Eric Reslock, Chief of External Affairs for  
18 California Prison Industry Authority.

19 Firstly, on Wednesday our career technical  
20 education inmates at Folsom Prison completed the  
21 Mormon Island Relocation Cemetery Project to great  
22 media fanfare. Numerous positive stories are coming  
23 out. For lack of a projector, I cannot show you the  
24 video today, although I have it cued up on my  
25 laptop. So, perhaps if you're interested, after we



1 conclude I can show it to you then. As I capture  
2 those videos, I will post them to our YouTube  
3 channel and let you know where to find those.

4 Secondly, Chuck will present at the upcoming  
5 California Rehabilitation Oversight Board meeting on  
6 October 31st. Otherwise known as CROB. He will  
7 provide a summary of CALPIA and our CTE program.

8 On December 6th, the Oregon Department of  
9 Corrections Prison Industry Program will be  
10 visiting. They are primarily interested in our CTE  
11 program and our involvement with labor unions. So  
12 we will keep you apprised of that as it comes  
13 forward. If you are interested, please join us.

14 Finally, the Legislature is out of session  
15 currently, so I will have much more to update you on  
16 that in January.

17 Thank you.

18 CHAIR CATE: Any questions?

19 Thank you.

20 Anything further, Mr. Pattillo, before we go  
21 to public comment?

22 MR. PATTILLO: No.

23 CHAIR CATE: Thank you.

24 We will take any additional public comment at  
25 this time.

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Seeing none, a motion to adjourn.

MEMBER SINGH: Move that.

MEMBER KELLY: Second.

CHAIR CATE: All those in favor.

We are adjourned.

Thank you.

(Board meeting concluded at 12:19 p.m.)

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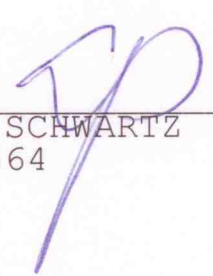
REPORTER'S CERTIFICATE

STATE OF CALIFORNIA                    )  
  )     ss.  
COUNTY OF SACRAMENTO                )

I, ESTHER F. SCHWARTZ, certify that I was the official Court Reporter for the proceedings named herein, and that as such reporter, I reported in verbatim shorthand writing those proceedings;

That I thereafter caused my shorthand writing to be reduced to printed format, and the pages numbered 3 through 76 herein constitute a complete, true and correct record of the proceedings.

IN WITNESS WHEREOF, I have subscribed this certificate at Sacramento, California, on this 24th day of October, 2011.

  
\_\_\_\_\_  
ESTHER F. SCHWARTZ  
CSR NO. 1564