

STATE OF CALIFORNIA

DEPARTMENT OF CORRECTIONS AND REHABILITATION

PRISON INDUSTRY BOARD

PUBLIC MEETING

ORIGINAL

WEDNESDAY, DECEMBER 18, 2013

THE BOARD OF PAROLE HEARINGS

1515 K STREET

SACRAMENTO, CALIFORNIA

REPORTED BY:

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ATTENDEES

BOARD MEMBERS:

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ERIC ALEGRIA

ESTEBAN ALMANZA

BRUCE SAITO

DARSHAN SINGH

RAY TRUJILLO

JEANNE WOODFORD

STAFF:

CHARLES L. PATTILLO, EXECUTIVE OFFICER

SCOTT WALKER

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1 **SACRAMENTO, CALIFORNIA**

2 **WEDNESDAY, DECEMBER 18, 2013, 10:00 A.M.**

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4 CHAIR BEARD: Good morning, everybody. I
5 would like everybody to check your cell phones to
6 make sure they are turned to vibrate. I hope I
7 turned mine to vibrate. It would be embarrassing to
8 tell everybody to do it and have mine go off.

9 Anyway, my name is Jeff Beard. I'm the
10 Secretary of the California Department of
11 Corrections and Rehabilitation, and I'm also the
12 Chair of the Prison Industry Board.

13 I would like to begin by welcoming everybody
14 here, and particularly thanking the Board Members
15 for taking their time to be here and their
16 dedication to be part of this Board. I know that
17 all of them have other things that they could be
18 doing, and I appreciate that they take their time to
19 come here and be part of this Board. So, thank you.

20 I would like to ask the Board Secretary to take
21 the roll, please.

22 MS. GUARE: Good morning, everybody.

23 For the record, please acknowledge your
24 presence by replying here.

25 Chair Beard.

1 CHAIR BEARD: Here.
2 MS. GUARE: Member Alegria.
3 MEMBER ALEGRIA: Here.
4 MS. GUARE: Member Almanza.
5 MEMBER ALMANZA: Here.
6 MS. GUARE: Member Davidson.
7 Not present.
8 Member Kelly.
9 Not present.
10 Member Masteller.
11 Not present.
12 Member Saito.
13 MEMBER SAITO: Present.
14 MS. GUARE: Member Singh.
15 MEMBER SINGH: Here.
16 MS. GUARE: Member Steeb.
17 Not present.
18 MS. GUARE: Member Trujillo.
19 MEMBER TRUJILLO: Happy holidays,
20 everybody, and I'm here.
21 MS. GUARE: Member Woodford.
22 MEMBER WOODFORD: Present.
23 MS. GUARE: Chair Beard, we have a quorum.
24 CHAIR BEARD: Okay. Thank you.
25 The next thing on the agenda is a recess for a

1 closed session, and we no longer have a need for
2 that closed session. So we are going to proceed on
3 to a comment period, and I would like to begin.

4 This meeting that we are having today is one
5 where we consider revisions to the annual plan from
6 June, and that will be voted on by the Board here
7 shortly.

8 I want to note that the Prison Industry's
9 program is embarking on a new program where we will
10 be establishing, I think it's something like, 500
11 new jobs.

12 MR. PATTILLO: 600.

13 CHAIR BEARD: 600 new jobs for facilities
14 maintenance, and we will be doing that in all of the
15 medical areas within all the prisons. I guess,
16 right?

17 MR. PATTILLO: Yes.

18 CHAIR BEARD: So I think that is going to
19 be a real boon to the employment for our inmates.
20 And it's a good job. It's something that they can
21 go out into the community and get a job with. So
22 the kind of training that we want to do. So I'm
23 really happy to see that moving forward.

24 I'm also happy to see that we have expansion
25 in our Career Technical Education Programs,

1 particularly for female inmates, and hope, as we
2 move forward, we can get some more of those programs
3 in place. Because people, the inmates who go
4 through those CTE programs, have very low recidivism
5 rates. So that is something we want to work on very
6 hard here at CDCR.

7 Seeing that we have some members of the public
8 present, there will be an opportunity for public
9 comment after each item is presented. If you do
10 intend to make a comment, please make sure you fill
11 out a speaker sheet that is located on the table
12 near the door that you came in. And we will call
13 you up for comment at the appropriate time.

14 I now would like to ask any Board Member who
15 has any comments to make.

16 MEMBER TRUJILLO: Thank you, Mr. Chair.

17 I would like to respectfully request that at
18 our next Board meeting in January that we elect a
19 Vice Chair for this, for the Prison Industry Board.
20 We haven't had one since Mr. Greenstone in 2011. So
21 I would respectfully request that that be put on the
22 consent agenda for January's meeting. And at that
23 time I would like to nominate Dar Singh.

24 CHAIR BEARD: Well, I think what we could
25 do is in January put it on the Board agenda to

1 discuss the issue of Vice Chair. As I understand,
2 we have no regulations or directions or anything
3 else relative to a Vice Chair. There was a Vice
4 Chair at one time in the past, but that was an
5 honorary title that was given to the individual.
6 And so in the current regulations we don't talk at
7 all about a Vice Chair. So perhaps we can put it on
8 the agenda for the Board to discuss, whether or not
9 we should develop regulations in that regard.

10 MEMBER TRUJILLO: Yes. I know. I have
11 served as a Vice Chair and two or three others since
12 I have been on the Board, and that goes back to
13 2000, if I believe correctly, when I was appointed
14 to the Board.

15 CHAIR BEARD: That may very well be. But
16 what I am saying, there is nothing in our
17 regulations that talks about that, and there are no
18 duties, no responsibilities or anything else. And I
19 think if we're really going to have a Vice Chair, I
20 think we should probably first of all see if we, as
21 a Board, want to discuss that and want to have a
22 Vice Chair. If we do, direct Mr. Pattillo and his
23 staff to come up with some guidelines on what that
24 Vice Chair would do. Rather than continuing what
25 has been done in the past, which really has only

1 been an honorary basis.

2 MEMBER TRUJILLO: Thank you, Mr. Chair.

3 MEMBER SINGH: Mr. Chair, we all the time
4 have had a Vice Chair. It's impossible we don't
5 have. Since I have been here, since '95, there has
6 never been this Board without a Vice Chair right
7 here.

8 CHAIR BEARD: Okay. Thank you.

9 Any other comment from the Board?

10 Okay. Thank you.

11 So, Mr. Pattillo, do you have some?

12 MR. PATTILLO: Good Morning, Mr. Chair and
13 Members. My name is Charles Pattillo. For the
14 record, I am the General Manager of PIA and also the
15 Executive Officer of the Prison Industry Board. And
16 before we go any further, for the record we do have
17 a public notice of the meeting that we're conducting
18 right now.

19 The December meeting of the PIB, as the
20 Secretary said, is adjusting our budget. We usually
21 find a lot of things about the State budget after
22 the fact, since things happened, and we adjust our
23 revenues. Our audit and financials are in for the
24 previous year. Also, it gives us an idea of how
25 many offenders are going to be in our program for

1 the going on year.

2 OUR budget is full of things today. We're
3 reducing our revenues by about 1 percent. This is
4 primarily going to ongoing adjustments with
5 correctional realignment. We're decreasing our net
6 profit to accommodate the \$13,000,000 transfer from
7 last year. It wasn't recorded until July 1 of this
8 year. So it will be recorded this year. We did not
9 have that in our budget previously.

10 It recognizes the financial agreement we
11 negotiated with the CDCR to reimburse us at the rate
12 of \$2.7 million for CTE programs in the current
13 year, and it also recognizes that we're going to
14 increase our offenders in our programs by 9 percent
15 in the current year. Primarily because of that CTE
16 and also because of the facilities maintenance issue
17 that we're going to speak about in a second. Both
18 of those programs were negotiated with the help of
19 the Chair, between us and CDCR.

20 We have achieved the primary objective of PIA
21 to run a self-supporting rehabilitation program, so
22 this budget does encompass that. As I said, this
23 program would not have been possible, any of these
24 two programs, without the Secretary stepping in and
25 helping us negotiate these two items. He's brought

1 us about 600 more inmate assignments as well as
2 about 220 individual female assignments. Most of
3 them located out here in Folsom.

4 In addition, a short presentation about PIB
5 from our auditor, talk about last year's audit,
6 which was presented to the audit committee.

7 Any questions at this time?

8 I'm actually going to skip around the agenda
9 first because one of most important things we have
10 here is an information item on the facilities
11 maintenance, and it delves into our budget. So
12 we're going to do that information item first, if
13 that's okay, Mr. Secretary.

14 MR. WALKER: Good morning, Mr. Chair and
15 Board Members. My name is Scott Walker. I'm the
16 Assistant General Manager of the Operations
17 Division. And as the Secretary mentioned, we are
18 moving forward with a healthcare facility
19 maintenance enterprise statewide at the request of
20 CHCS, the receiver, and certainly in conjunction
21 with CDCR.

22 Just to bring the Board up to speed on what
23 the healthcare facilities maintenance program is.
24 PIA has gone out and structured a program, starting
25 at CMF, where we've taken the approach to cleaning

1 and sanitizing the medical space from a personal
2 approach to a systematic approach. We've worked on
3 and we've developed a standard. We've developed
4 written procedures. We've developed documentation
5 that really takes the healthcare sanitation to a new
6 level. It meets all Title 22, all Title 15 and
7 Title 8 requirements. And also, most importantly,
8 meets the court's mandated requirement for facility
9 sanitation.

10 Some background on it as well. The Board
11 approved this enterprise, I believe, in 2011, on
12 April 6th, at a Board meeting at CIM. So this was
13 brought before the Board a couple years ago. It was
14 approved. We started a pilot program at CMF. So a
15 new pilot program. Again, CHCS contacted us. They
16 had a serious concern about the sanitation level at
17 the medical facility in Vacaville. We went down
18 there. We talked about it. We reviewed it and
19 confirmed what they already knew to be true, was
20 that there was some significant deficiencies in the
21 sanitation.

22 So we developed a program down there that I
23 spoke of earlier that addressed those needs and also
24 added a critical element of offender training.
25 We've taken this thing and modeled it greatly to our

1 CTE programs. So it is not simply us going in there
2 and using the laborers. It's training the inmates
3 in a fashion so that when they get out they will be
4 able to get a job.

5 To that end, the facilities maintenance job
6 marketing in California is about the 13th fastest
7 growing market. There's going to be 15,800 openings
8 in facilities maintenance statewide. So there is an
9 opportunity for these folks, once they've got this
10 training, to get out and get a job and become
11 successful.

12 The CMF model that I talked about started off
13 with one staff member and about 58 offenders. And
14 we cleaned 94,000 square feet. And it was a pilot
15 program. We were testing to see if we can do it and
16 raise the bar to their satisfaction. And I'm happy
17 to report that the reports coming out of CMF have
18 been great. They've expended it another 30- or
19 43,000 to a total of 137,000 square feet. We now
20 have two staff there and 48 offenders that are
21 trained.

22 If you fast forward to 2012, that model and its
23 success started to make its way out into the rest of
24 the institutions. And there was a real need out
25 there for them to have a product that matches the

1 standards the core established. So we started to
2 talk to them about - them being the receiver's
3 office - about how they can take this model and roll
4 it out to the rest of the state. The court sent out
5 an expert panel to review the institutions and found
6 some significant deficiencies. At that time we went
7 out and did an assessment of those same institutions
8 and didn't find anything that they hadn't already
9 found. Just basically confirmed that there were
10 serious deficiencies out there in approaches to
11 cleaning.

12 And, again, the approach was based on
13 individuals, a personal approach versus a systematic
14 approach. What I mean by that is you have a staff
15 member out there that cares about it. Generally
16 speaking, that area looked pretty good. If other
17 staff members either didn't care or weren't trained
18 properly and the offenders weren't trained properly,
19 the sanitation level was way below standards. So
20 from that conversation of those five institutions we
21 developed an approach in conversations with the
22 receiver's office to implement statewide.

23 We've gone out now. We have assessed first
24 two institutions, which were CCI and R.J. Donovan.
25 We've developed an approach to do this statewide.

1 We are going to start Donovan on January 15th. It
2 is going to take us about, say, 15, 16 months to
3 roll this out statewide. We plan to be complete in
4 March of 2015. At that time we will be at every
5 institution for the first time in the history of
6 PIA. Right now we're at 25 institutions. We will
7 approach all 35. We will have a footprint at every
8 institution that will allow us for some other
9 opportunities out there.

10 As Mr. Pattillo mentioned as well, we will have
11 about 600 additional offender jobs in the first year
12 and a half. The third year we will add an
13 additional 300. So when this program is all up and
14 running, there will be 900 inmate assignments out
15 there as well as an additional 166 PIA staff. A
16 pretty big endeavor for us to get this going. Going
17 back, again, just to reemphasize this has a very
18 strong CTE component.

19 As part of the process, an hour and a half a
20 day the offenders will be in class rooms learning
21 the functions of cleaning, so that when they get out
22 they will have certifications and will be prepared
23 to go into the work force. It's about a \$65,000,000
24 contract over the next two and a half years. We are
25 currently in the process of finalizing that

1 contract. I got the last edits back from the
2 receiver's office yesterday. I have a meeting
3 today, in fact after this one, to finalize that. So
4 we hope to have that signed off and in place in the
5 next week or two.

6 So with that, that is kind of the long and
7 short. There is some impact - let me speak about
8 that quickly - to the private sector. There's
9 approximately 80 employees right now that are
10 currently employed with CHCS, the receiver's office.
11 We are going to do our best to encourage those folks
12 to come over to PIA. We're working with the
13 receiver's office. We're working with CDCR. We're
14 working with Cal HR, and we're working with the
15 unions to notice them and get them to come over. I
16 mean, it makes great sense for everybody. We're
17 bringing people into the system that know it. It is
18 always going to be a challenge. That will help
19 there.

20 We are also, to that note, going to try to
21 bring over as many of the offenders that are already
22 participating in the program out there. Again, no
23 need to reinvent the wheel. Reuse that resource.
24 Bring them over and make it as painless as possible
25 for everybody.

1 The other component to this is there is a
2 statewide contract with Lincoln Training Center.
3 And to those of you that aren't familiar with the
4 Lincoln Training Center, it's kind of like Pride
5 Industries here in Roseville, where they go out and
6 they work with some of the developmentally disabled
7 folks and provide them training. They have a
8 contract statewide with CDCR. That contract is
9 going to go away for all intent and purposes. They
10 use it kind of spotily throughout the state. It
11 goes back to, again, that there is no single
12 approach to this, and that is what we're trying to
13 provide. We are encouraging all the folks that are
14 currently working with Lincoln Training Center to
15 apply for PIA jobs. We are noticing them. We are
16 trying to get them on Board.

17 In addition, we are also going to have a
18 back-up contract, as we need to have that in case of
19 long-term lockdown. We're going to work with
20 Lincoln Training Center as well as Pride in Northern
21 California to participate in that contract, to
22 minimize impact to them. We have had some
23 applicants, not as many as we would like, but we
24 have had some from Lincoln Training Center so far.

25 I would be glad to answer any other questions

1 that the Board may have of this program.

2 MR. TRUJILLO: Mr. Chair, I have a
3 question. Mr. Walker, these 80 employees, who
4 represents these employees? Just one employer or
5 several?

6 MR. WALKER: Who represents them?

7 MR. TRUJILLO: Yes.

8 MR. WALKER: The union, SEIU, IUOE. There
9 are some building maintenance workers involved, as
10 well.

11 MR. TRUJILLO: That is one organization,
12 that is SEIU?

13 MR. WALKER: No. IUOE represents about 17
14 of them, which are building maintenance workers.

15 MEMBER TRUJILLO: Thank you.

16 MEMBER WOODFORD: Great job.

17 MR. WALKER: Thank you. The staff did a
18 heck of a lift on this. It is not over. We are not
19 out of the woods, but it is a good thing for
20 everybody to win-win, if there ever was one.

21 MR. PATTILLO: The next item we're going to
22 bring up is the auditor. Mr. Chair, we will bring
23 up the auditor for his presentation before we start
24 the action items. Item B2.

25 MR. HAMMOND: Let me point out, we're

1 swapping one Scott for another so there should no
2 confusion over communication purposes here.

3 Hopefully, everybody has a copy of the
4 presentation. We had previously gone over with the
5 members of the Audit Committee back in late
6 November, prior to the issuance of the financial
7 statement. Because I understand the Board has a
8 very full agenda, we have been asked to keep our
9 comments short so we can go through this at a very
10 high level. I will open it up for questions at the
11 end of our presentation. If you do have questions
12 or comments, I will be happy to address them at that
13 point.

14 Hopefully, at this point everybody has had a
15 chance to locate that document. And, again, I want
16 to emphasize we are going through at a very high
17 level. As I said, the presentation was originally
18 made to the Audit Committee prior to issuance of the
19 financials. That presentation was on November 21st.
20 This is a copy of that. It's not been updated for
21 today's meeting. So with that I will jump into it.

22 I will ask you to look at Page 1 of the
23 document, actually Page 2, which is titled Status of
24 Our Audit. Obviously, the status is over simply at
25 this point. We met with the Audit Committee and

1 rang up some financial issues. At this point those
2 have been completed. I would emphasized a couple
3 things.

4 One, that the report on the organization's
5 financial statement was issued with what we call an
6 unqualified opinion, which contrary to how it sounds
7 is the best you can do. Another phrase is a "clean
8 opinion." So it was without exception, without
9 limitations. That is a good thing.

10 The report was issued, I believe, on November
11 22. So a couple things. When you talk about a
12 report on the financial statement, it is important
13 to understand that the organization maintains
14 responsibility for it. Our job is to perform an
15 audit of the financial statements and make sure that
16 they are materially correct, not 100 or absolutely
17 correct. What we do involves sampling. And so by
18 its nature there could be potentially small numbers
19 that are incorrect, but not material. We deal with
20 levels and scopes of materiality, not 100 percent
21 absolute correctness. So if anybody is an engineer,
22 I apologize in advance for that lack of precision.

23 One of the things you will notice in the
24 audited financial statements is the organization is
25 included as part of the package. What we call

1 management's discussion and analysis, or MDA for
2 short. I want to emphasize that while reading the
3 MDA, we try to validate the numbers. The scope of
4 our opinion does not include that. By our
5 professional standards what we are obligated to do
6 with that information is to make sure it is
7 consistent with the numbers and disclosures on the
8 financial statements. We are not separately testing
9 or opining on the MDA. So it is important to
10 understand.

11 I do you want to give credit to Chuck, Devin,
12 Natalie and the entire finance team. They do a
13 great job on supporting us through the audit. It
14 was a challenging year for the organization for a
15 variety of reasons, specifically in the finance
16 where there was some turnovers and some change in
17 personnel. All of which occurred either during or
18 right around the start of the audit. Even though
19 they were shorthanded, they still met the delivery
20 dates and supported us throughout the process. I
21 want to give them credit for that.

22 I want to ask you to turn to Page 3, Results of
23 Our Audit. Here, what we've done is we've
24 summarized some of the critical elements in the
25 financial statement and how we've tested them and

1 the results of those tests. The approach we have
2 taken is both consistent with what we had planned
3 and what we have done in prior years. Because this
4 has been presented and because of time limitations,
5 I am going to skip over this again, emphasizing it
6 was consistent with the plan's scope, and the
7 procedures were consistent with what we did in the
8 prior year.

9 Now I ask you to turn to Page 8. When we do
10 an audit, we look at the organization's internal
11 control, both over accounting operations as well as
12 in some cases operating areas. The primary purpose
13 of that is not to issue a report on those internal
14 controls or operational program audit, but just to
15 support procedures and determine the extent of the
16 procedures we need to do for the audit, the
17 financial statements and the numbers themselves.

18 Having said that, though, when we do that
19 work, we do stumble on things. We find issues, and
20 we make recommendations. And here we've summarized
21 some of those recommendations, both from the current
22 year and prior years.

23 I want to highlight one thing which is that
24 there were some changes in personnel and some
25 improvements, and we did not have any new comments

1 or findings from our work this year. In other
2 words, there weren't any issues of concern that
3 surfaced. What we've listed for you are the status
4 of some of the items that we have found in prior
5 years, and we've provided an update on their status.

6 I want to highlight a couple of things.
7 First, the vast majority of these have been
8 addressed. I wanted to give credit to the
9 organization again this year on the significant
10 improvements and process in addressing the issues.
11 Some of which have been hanging out there for a
12 couple of years.

13 I do want to highlight a bullet item on Page
14 8. This is an ongoing item. Has really to do with
15 levels of access within the organization's EDP
16 system. We have found in the past when people moved
17 within the organization, sometimes the level of
18 access that they had was not properly updated or
19 restricted. So if somebody changed jobs, they might
20 continue to have access to an area of data that was
21 no longer relevant, which is not a good thing to
22 have. The organization is aware of this, and they
23 are taking steps to address it. We are highlighting
24 it because of the active programs in place with
25 respect to completion in Fiscal '14-15 to

1 individualize and appropriately restrict everybody
2 in that level. So I'm highlighting that for the
3 Board's information in case that is something they
4 wish to address six months or a year from now, in
5 terms of getting a status update.

6 Similarly on Page 9, the next page, again,
7 want to credit the organization. A vast majority of
8 these have been addressed. There are two that are
9 in process or ongoing. The first one, the second
10 bullet titled IT Systems. Here the organization has
11 improved the training for its personnel and has been
12 able to maximize the benefit of its investment in
13 EDP. This is an ongoing area. So if you're
14 interested, you may want to periodically inquire
15 what's going on with that from a budget context.
16 This is something that you have turn around and
17 changes, et cetera, a recurring issue.

18 And finally, the last bullet point. Same type
19 of ongoing process. The organization has made
20 changes to address this issue and has improved, I
21 think quite a bit, the financial analysis. And it
22 is an ongoing area, and they've got additional steps
23 they are planning on taking in the future.

24 I'm going to ask you to skip to Page 11. This
25 will be the last specific issue I will make and then

1 open it up for questions or comments. On this page
2 there are certain things we call required
3 communications under standards that we are to
4 communicate this either to the Audit Committee or
5 the Board. Since we previously communicated these
6 to the Audit Committee and in the interest of time,
7 I am not going to go through these in depth. They
8 are fairly boilerplate.

9 So with that, I will open it up for questions
10 and comments on this presentation of the financials
11 themselves.

12 CHAIR BEARD: Any Board Members have any
13 comments?

14 MEMBER ALEGRIA: Quick question. On Page
15 8, under user access administration, I'm assuming
16 this pertains to just existing employees who are
17 shifting around within Cal PIA, but doesn't have to
18 do with policies related to exiting --

19 MR. HAMMOND: Correct. The issue did not
20 focus -- it wasn't a problem where people who have
21 left the organization continue to have access, break
22 the fire wall. The focus was on individuals as the
23 change; there wasn't always a timely update.

24 MEMBER ALEGRIA: Thank you.

25 CHAIR BEARD: Any other comments?

1 MEMBER SINGH: Mr. Chairman, I am a member
2 of the Audit Committee, and we are very satisfied
3 with the job they have done. So I want to move this
4 item.

5 MR. HAMMON: Mr. Pattillo, even though we
6 have shortened the presentation, I want you to know
7 there is not to be a discount.

8 Thanks to everybody. Have a great Christmas.

9 MR. PATTILLO: Thank you, Scott.

10 And as everybody notices, we are actually
11 extending the contract, issue a new contract.
12 Awarded a three-year contract after competitive
13 bidding to the same firm that the Board has used in
14 the last three years. This is actually a PIB
15 contract.

16 With that, move to adoption of the midyear
17 revised. Show the question.

18 I wanted to introduce Jennifer Shaffer, the
19 Executive Officer of the Board of Parole Hearings,
20 who is sitting over here on the left, back there
21 hiding. She is one of my counterparts and very
22 knowledgeable about this process. This is her room.
23 So thanks for letting us borrow it.

24 MS. SHAFFER: Thank you.

25 MR. PATTILLO: The midyear revise. Should

1 be looking at this. As we've discussed, there is
2 just a couple of significant changes to the budget.
3 We're going to run through it. It is 1 percent
4 reduction in revenue and an acknowledgement of the
5 reimbursement from CDCR that we're negotiating for
6 the CTE programs, which allowed us to add all of the
7 female programs out at Folsom.

8 In addition, acknowledgement of the net loss
9 which is basically our recording, just a technical
10 recording at this time. You notice in the current
11 year, how can we be that exact? We were pretty
12 close this year in getting to zero. I think we came
13 in at \$82,000 net-net loss. And that takes into
14 consideration that we expensed a \$1.2 million of
15 soap that, if you remember, we brought back all the
16 soap. So actually it was a pretty good year. Came
17 in pretty flat and will be very exact in the ongoing
18 year.

19 We anticipate revenues to reduce from \$171.5
20 million to \$169.8 million. Most of this is
21 associated with realignment. There is just ever six
22 months we're making an adjustment because of the
23 number of offenders is either delayed, decreased or
24 whatnot. Currently there is a 90 day extension on
25 working out plans, so that actually kind of

1 stabilized our revenues for 90 days and won't make
2 that big of a difference here.

3 The primary contributors to the revenue
4 decrease is manufacturing; has about \$1.7 million
5 decrease. Net fabric products that are associated
6 with the center closing. Offset by license plates
7 increasing by about 10 percent.

8 Economy. Measure the economy by license
9 plates we're making. The number is increasing,
10 increasing very much so. With DMV using a different
11 distribution network that increases the number of
12 plates we make on an annual basis. You're now
13 allowed to get your plates right when you get your
14 car.

15 Services also have an increase, and that two's
16 parts, about .7 percent increase, half a million
17 increase in services. That is because of
18 construction services. The facilities maintenance
19 program going up about \$1.7 million. And optical
20 revenues will increase by about half a million. As
21 you remember, we had four optical labs. When
22 Medi-Cal benefit for optical for adults was reduced
23 about three, four years ago we reduced four to
24 two.
25 What's happened now is Healthy Families has come on

1 to our program now, and we're making glasses for
2 Healthy Families. So that will increase to the
3 point, I don't know if we'll be able to open another
4 facility, but at least we have to maximize the
5 facility that is there right now.

6 Agriculture has a decrease. And the biggest
7 decrease there is poultry, dairy and crops. All
8 tied to realignment. About the reduction. Our
9 almond crop is maxed out. We don't have enough to
10 sell outside anymore. We're expanding that plant.
11 And dairy revenue is down a little bit, and that has
12 to do with population. Poultry is one that is going
13 down a little bit due to fewer offenders.

14 Cost of goods sold, estimated to decrease about
15 .3 percent from the annual plan. And our gross
16 profit is about \$1.3 million decrease from the
17 annual plan, from \$43.4 million to \$41.8 million.
18 That is all directly correlated to the reduction in
19 revenue.

20 Selling and admin expenses are going to
21 decrease about \$1 million, about 3 percent. And
22 marketing expenditures are decreasing about 8
23 percent. Fiscal services will decrease about 11
24 percent, and business services will decrease about
25 \$.1 million, which is really about 10 percent.

1 There is an increase and it is under overhead; that
2 is really not overhead, but CTE programs. We're
3 going up to \$2.7 million in CTE programs, 2.708 --
4 2.89 is our expenditure and 2.708 is our
5 reimbursement.

6 The difference there is a program that we are
7 -- an additional program that we are funding done at
8 Division of Juvenile Justice. We're running a
9 labor program for six months to teach 20 juvenile
10 offenders construction and labor work that we teach
11 at all other locations with a lead and asbestos
12 component. The purpose of that is to renovate a
13 facility for DJJ that is supposed to house a free
14 venture, but we can't get it renovated unless we go
15 in there and do it. When we're done with those
16 offenders, they will actually go over to CDCR IWL
17 and will complete work on doing the renovation at
18 DJJ Ventura. It is a pretty much self-help program
19 for us. We can get in there and get that facility
20 fixed and focus on getting a free venture in there
21 at the Ventura facility.

22 The remainder of the programs that we're adding
23 in is for female offenders up at Folsom that
24 includes computer assisted design that is supposed
25 to launch January 1. We're finishing up the

1 facility right now. A program between San Quentin
2 and us in Folsom for computer programing that we're
3 delving into, replication of the braille program at
4 Folsom and expanding that down to the women's
5 facility. And the remainder of that is funding the
6 CIW construction program, the dive program of CIM,
7 and five CTE programs at Folsom - three for females
8 and two for men. That is where that expansion comes
9 in.

10 As we have discussed before, those are the
11 lowest recidivism of any program we have. So it is
12 a very good investment on CDCR's part to take us up
13 on it.

14 Nothing really changes much more. We have
15 some reductions in trucking costs, and that is
16 primarily because we are getting away from common
17 carriers and using our own truck drivers again. We
18 actually have a hard time recruiting folks for truck
19 driving jobs in institutions. So when we can't get
20 them, we have to go out to common carriers. We've
21 had good luck lately getting state drivers. That is
22 cheaper for us than running common carriers out
23 there. Plus we get to control the trucks, the time.
24 Those kinds of things.

25 State mandated costs. Pro rata and OPEB are

1 two things we just can't avoid. Pro rata is -- I'm
2 not going to pick on DGS, Mr. Almanza. It's an
3 overhead cost that we pay -- Mr. Almanza's unit pays
4 also to and for the Legislature, the Treasurer, the
5 Controller, the Bureau of State Audits, and a few
6 other cats and dogs in there. We pay their
7 operating costs, portions of it.

8 MEMBER ALMANZA: The majority of that is
9 health benefits for retirees.

10 MR. PATTILLO: Actually, not on this one.
11 Not on this pro rata payment.

12 MR. ALMANZA: Ours is.

13 MR. PATTILLO: Not on this pro rata
14 payment. The other piece, as we talked about, is
15 what is called OPEB. Is the benefits for state
16 employees. Other post employment benefits, not
17 pension. We're being charged \$7,000,000 a year, and
18 we're putting that money aside. We're one of five
19 agencies that are paying that. Everybody else is
20 actually accruing it. We had a discussion with
21 Secretary Beard this morning. My bill is
22 \$7,000,000. His bill is probably \$700,000,000. And
23 it's one of these costs that the State is not
24 funding. They're funding it on an annual basis, pay
25 as you go, but we're required to fund it in the

1 future. That's more significant than any pension
2 cost issue.

3 The pro rata, as we talked about, statewide is
4 Legislature, finance, et cetera. And then operating
5 income, we're increasing it from -- operating
6 decreased 10 percent, \$37,000, from \$363,000. If
7 you look at the line item here. And our overall
8 bottom line Penal Code transfer, \$13,000,000. That
9 is how we zeroed it out. It doesn't affect our cash
10 position at the end of the year at all. Nothing
11 changes from what we approved in the spring. It's
12 just basically a bookkeeping of when it is going to
13 leave our organization. It's already left. That
14 does present our financial picture for the rest of
15 the year.

16 We will meet again to June to talk about the
17 next year, and I'm supposing, I think, we'll be in a
18 better position that we are now, given that we've
19 negotiated this contract with CDCR for the
20 facilities maintenance which will be a help to us,
21 not only in offender positions, but also rectifying
22 our own finances.

23 Overall, we're adding over 600 positions
24 systemwide; so that is kind of really what we're
25 about here. That is almost a 10 percent increase in

1 positions for inmates working; and it's actually
2 almost 30 percent of what we audited last year
3 because, as we spoke earlier, we're having some
4 trouble filling assignments at certain locations.
5 We're actually moving stuff inside the walls right
6 now so we can make sure that we have offenders
7 because we don't have a lot of minimum offenders in
8 the system anymore. That is, they're not coming
9 back like they would. And that is not necessarily a
10 bad thing. We will deal with that one, too.

11 Any questions?

12 MEMBER WOODFORD: I'm curious, California
13 Health, does it cover eyeglasses? Will that
14 actually expand eyeglasses?

15 MR. PATTILLO: I don't think the California
16 policies are going to affect us much because most of
17 ours are Medi-Cal and Medicare, those kind of areas.
18 Those are technically insurance policies. So they
19 would get some of ours.

20 MEMBER WOODFORD: Some.

21 MR. WALKER: It can have some impact on us.
22 Like everybody knows, the Affordable Care Act has
23 driven a lot of people to pay attention, more
24 attention, to insurance when they are signing up.
25 So a portion of those are going to find things, find

1 out if they are eligible for assistance through
2 Medicaid and Medi-Cal. So we're expecting there to
3 be some impact. We are still waiting to see.
4 Healthy Families did the same thing earlier, the
5 increases. That is one of the things we're looking
6 at, attempting to get increases. That is one of the
7 things we're looking at month-to-month. Measuring
8 how much that is going to impact us. Right now it's
9 impacted us very minimally. It's on the radar
10 screen, and we will be keep an eye on it. So there
11 is a possibility there will be a positive impact.

12 MEMBER WOODFORD: Thank you.

13 CHAIR BEARD: No other Board comments.

14 Any public comments on the action item?

15 Seeing none, do I hear a motion to approve?

16 MEMBER TRUJILLO: So moved.

17 CHAIR BEARD: Do I have a second?

18 MEMBER SINGH: Second.

19 CHAIR BEARD: All in favor.

20 Opposed.

21 Motion carries.

22 CHAIR BEARD: I guess that moves us to the
23 remaining informational items.

24 MR. WALKER: If you can turn to Tab D in
25 your binder, I will go over the lost hours and

1 inmate assignments report.

2 Available hours. The comparison of the first
3 quarter to the fourth quarter or, I should say, the
4 first quarter decreased by about 55,000 hours. That
5 is not a significant move one way or another. That
6 number jumps around a little bit, depending on the
7 positions we have available at that time.

8 Paid hours increased, which mean we have more
9 folks on the job during that period of time by about
10 35,000, which is good thing. That is what we're
11 trying to get to.

12 Total lost hours decreased by 191,000, which
13 is the direction we need to go. Custody lost hours
14 decreased as well.

15 Ducat lost hours increased. There is a lot
16 of medical stuff going on in the institutions, and
17 so that number, while it didn't increase much, did
18 increase some month, quarter-to-quarter. Something
19 we keep an eye on. We try to do as much as we can
20 to work with them to do that on off hours on Fridays
21 if they're working four tens. That is an area of
22 concern for us. We don't have much control over
23 that.

24 Industry related lost hours decreased 146,000.
25 That is primarily due to the increase that happens

1 in the fourth quarter. So the first quarter is
2 always a reduction. We lose some hours at the end
3 of the fourth quarter.

4 Other lost hours increased slightly by 15,000.
5 Inclement weather was really the cause for that out
6 there.

7 Any questions about that?

8 Turn to Page 7, if you would. Vacant lost
9 hours. Just to emphasize the notion on Avenal.
10 Avenal, as most of you may know, does not have a
11 minimum support facility. So all of the offenders
12 that we use in our program out there, it takes a
13 significant amount of offenders that have
14 assignments outside of the secured perimeter at
15 Avenal. Come from inside. So it is a challenge.
16 Has been a challenge and will continue to be a
17 challenge to get offenders in there.

18 One of things that Chuck mentioned, we're
19 looking for an opportunity to move some of the
20 operations inside. The challenge is that both of
21 those, the big operations out there, the poultry and
22 the egg processing, are pretty substantial
23 operations. So moving those is going to be a bit of
24 a challenge. So we're looking to do that. We did
25 buy out here. The wardens down there work with us

1 as much as they possibly can. They are very
2 creative. It is a struggle. I just wanted to
3 highlight that issue. It continues to be an issue.
4 We continue to work on it and will for the
5 foreseeable future.

6 If you will turn to Page 8, I will talk about
7 assigned inmate workers. This is actual point in
8 time assignments, the positions. So we have
9 decreased slightly, like, 610 inmates quarter to
10 quarter. The good news is in September, the final
11 month of the first quarter, is starting to go back
12 up. The big decrease there was due to our
13 transition at CCI, Tehachapi. We've taken our
14 fabric operations down there from two operations on
15 two different yards. Combined them on one yard,
16 which is going to make it a much more efficient
17 operation and it's also going to allow some
18 programming on the three yard there that wasn't
19 there before. There was absolutely no programing on
20 that yard. And so we have to go back in there.
21 We're consolidating those two operations into one.
22 We still have two running; one on the three yard and
23 one on the one yard. Primarily to catch up on some
24 orders down there.

25 Once that happens, everything will be

1 consolidated on the three yard, which is a little
2 longer term inmate and provides those inmates some
3 program where there is nothing else on that yard.
4 So the numbers will start going back up finally, and
5 we're grateful for that. In addition to the HFM,
6 which drives those numbers up. Over the next year
7 or two years we should see some substantial
8 increases on employment numbers.

9 Any questions that I can answer on that?

10 If we can switch to Tab E in your binder,
11 please, I will report on the credit certifications.
12 The accredited certifications nomination increased
13 by 15 in the first quarter versus the fourth
14 quarter. So we're headed in the right direction.
15 The closures, however, decreased by 15. One of the
16 struggles we still have in accredited certifications
17 is ensuring that the offenders are staying in the
18 program and complete the program. That is still a
19 challenge. We have a lot of folks put into these
20 programs and for a lot of different reasons they get
21 transferred out. Realignment, yard alignments. We
22 talked about this at the last Board meeting. So we
23 reach out and engage people. We are trying to put
24 some better policies in place so that we can try to
25 avert as much of this as we can. But we're erring

1 on the side of putting them in the program. Even if
2 we can't get them through it, at least we can get
3 them started, get them working on it. We'd rather
4 have them participating in the programs, but it is
5 one of the things we are concerned about and
6 continue to work on.

7 If you turn to the next page, there is
8 proficiency certifications. As we talked about
9 before, we're taking this process and turning it
10 from more of a mom-and-pop, informalized approach
11 into a very formalized approach. It is the green
12 sheet in the binder, by the way. I think it is the
13 third one back. There's two.

14 So the first one is our standard, old process.
15 The old process, basically, was an offender showed
16 up for a job. They were there for 1,500 hours, and
17 we'd give them a certification saying they had been
18 on the job and working in that assignment for 1,500
19 hours. It did not have a lot of structure to it.
20 So the concern we had was that we were sending these
21 folks back out in the industry, and they are
22 professing to have this skill, knowledge and
23 ability. We're giving them a certification, but
24 there really wasn't a structure behind it to make
25 sure that they actually understood and performed

1 those job duties.

2 The first sheet you see there is those in the
3 old process. That is 103 that got through there in
4 the first quarter. The second sheet, where you show
5 40 at the bottom for a total, is the new process we
6 talked about, where we're going through and we're
7 establishing a structured process for each level and
8 each job. The offenders have to show that they can
9 perform those functions and pass a test to get to
10 the next level. So when they get those
11 certifications now, there is more behind it than the
12 mere fact that they stood in front of the machine
13 for 1,500 hours. They're making them all consistent
14 with the SOC codes that are in the industry. So
15 it's not us making up the standards; it's the
16 industry standards that we're following. So that
17 when they get out, the likelihood for them to be
18 successful when they go out will be greatly
19 increased. We are rolling that out statewide.

20 It is going to take us the remainder of 2014
21 to get this done. We are doing -- what we're doing,
22 the approach is we take off an institution or two a
23 month. Put them in the process enterprise. Clean
24 up the process. Put the new questions on there and
25 bring it back up. So by the December 2014 we should

1 have been through everybody. Have a very good,
2 manageable matrix out there for these folks who are
3 getting these certifications, which will help them
4 be successful when they get out.

5 If I can answer any questions on the
6 certifications?

7 MEMBER WOODFORD: I had a question of
8 transfers, inmate transfers.

9 MR. WALKER: As part of what I talked about
10 a little, that is still a challenge. We are still
11 trying to get in front of that as far as we can. We
12 put some things in place to push PIA people to the
13 bottom since the interim. We've got an agreement
14 with CDCR to push all PIA folks to the bottom. But
15 part of these transfers is once they get there they
16 still take them. So what I've got in place right
17 now is a conversation that, A, identified them; B,
18 pushed them to the bottom of the list. So when they
19 go through and are doing the classifications to move
20 them, they're still on the list to be transferred,
21 but they're pushed down to the bottom. So
22 hopefully, if they're filling a bed somewhere else,
23 they get to them last or get to them after the
24 certifications.

25 And what we do is we would get notified, have

1 an interactive conversation. I will give you an
2 example. At the MTTC program down at Chino, we had
3 three guys that showed up on the transfer list. One
4 actually got transferred to a camp. And that was
5 the first foray into this process. It didn't work
6 as well as I would have liked it to. So we reached
7 out to the warden and to the C&PR there, had a
8 conversation, and we were able to get that
9 individual back from the camp and put him back in
10 the MTTC program to finish. We are tweaking that
11 process. Making our way through that.

12 Everybody understands, and certainly CDCR has
13 been very clear, at some point if they have to fill
14 a bed somewhere else, and that's a lower level
15 inmate, they're going to move them or to some of the
16 outer state transfers, some of those other things,
17 they've got to happen. They've been very clear with
18 us, but they have worked with us proactively to make
19 at least those folks the last in the food chain.
20 We're doing better at that. Not as good as we'd
21 like. We at least have a process in place and we
22 can start to work now.

23 MEMBER WOODFORD: So we have a report that
24 shows who completed their certification, but do we
25 have a report that shows the reasons why people are

1 removed from the program?

2 MR. WALKER: Sure, sure. I can get that
3 for you, the reason code.

4 MEMBER WOODFORD: I think it's important
5 for us to understand whether it's because of
6 transfers, whether it's because of people dropping
7 out of the program. To have a good understanding of
8 what the problem is.

9 MR. WALKER: You bet. Sure.

10 MEMBER WOODFORD: Thank you.

11 MR. WALKER: Any other questions?

12 MEMBER ALEGRIA: Related to that, Mr.
13 Walker, beyond pushing these offenders to the bottom
14 of that list that are involved in these programs,
15 are there other policies that we're exploring to
16 help reduce the dropout or transfer of those
17 inmates?

18 MR. WALKER: The transfer, the policy that
19 we're trying to stave off, push it as far back as we
20 can or to make it not happen at all. Very
21 interactive with that process. We've reached out to
22 C&PRs and all the wardens, and our staff are very
23 active in that process. So that if somebody gets
24 put on the list, our staff are notified and those
25 compensations start to happen. We've had some

1 success with that. So that's working to the extent
2 that we've got it in place and it's new.

3 MEMBER ALEGRIA: I'm wondering if there are
4 other policies that are being explored, besides
5 interacting with them, that's been looked at?

6 MR. WALKER: We don't have an overarching
7 policy that we are pursuing right now. We do have
8 specific examples. An example I would give you is
9 like at FWF, the female program. We're entering
10 into a contract, MOA/MOU, with CDCR at Folsom to
11 talk about them keeping a certain contingent of
12 offenders in those jobs as we go through the
13 process. That is part of the MOA, and maybe, if
14 that works, has the desired effect, we can expand
15 that statewide. But overarching, now we are not
16 looking at anything individually.

17 MEMBER ALEGRIA: But whatever process,
18 we're having conversations each time an existing
19 offender that is involved in one of our programs is
20 being potentially transferred, we are sitting down
21 and having a conversation?

22 MR. WALKER: Yes.

23 MR. PATTILLO: Something else we are doing
24 is that folks that are coming into the program,
25 they're subject to transfer. They're going to go to

1 the bottom of the waiting list, also. They're not
2 going to bring somebody in that's just going to get
3 transferred in 30, 60, 90 days.

4 The Secretary is dealing with a more
5 significant issue. That reduction has to happen.
6 Fully understand that. But they're identified in
7 that nomenclature. We are not pulling them in.
8 That is another way we have been dealing with it.

9 MEMBER WOODFORD: That is a great question.
10 As an example, if somebody is within 30 or 60 days
11 of completing the program, perhaps there could be a
12 policy that they can't be transferred.

13 MR. WALKER: Part of Title 15 that Chuck
14 mentioned, that is part of the process. The old
15 process used to be that it was first on the list,
16 first off the list. So they would go through the
17 UCC, then put them on the list for PIA.
18 Irrespective of you're fit for the position that
19 became available, you were assigned to that
20 position. So what we've done with Title 15
21 regulation, when it came out -- Jeff?

22 MR. SLY: April.

23 MR. WALKER: What happens now is it is
24 still a work in process because it's really teaching
25 an old department a new trick. When It comes to

1 PIA, here is -- the policy now states that the
2 inmates will go to UCC, and they will be put into a
3 waiting pool. The requirement now is that PIA staff
4 will go out and interview those folks for those
5 jobs. They fill out an application like everybody
6 else. There is an interview process. During that
7 process, we try to weed out those folks that don't
8 have the sufficient amount of time. We are looking
9 for folks that have at least six months and
10 hopefully no more than 36. Again, that's depending
11 on the demographics of the yard.

12 So Chuck mentioned the new policy that came
13 out in April. We're putting that in place. Most
14 places have been fairly receptive. There's been a
15 few challenges out there in some areas.
16 Particularly, areas, as Chuck mentioned, the level
17 one population is not there. The minimum support
18 facility at DVI for the dairy operation, there is no
19 pool. They get assigned to that, clear to go to
20 PIA. They go to PIA because we just don't have the
21 population there. So there is some incidence of
22 that out there. But we are starting to put things
23 in place via Title 15 and other ones. Some of the
24 stuff we are trying with the MOA is to start to
25 address these issues. That is why we're here. It's

1 going to be an ongoing challenge. We will continue
2 to try to find ways to make it better.

3 MEMBER ALEGRIA: The Board would like to
4 support those efforts. So I agree with my
5 colleague's earlier comments, having some level of
6 tracking to tell us what is happening in the
7 individual instances. Kind of drilling behind the
8 numbers that we are provided with would be a place
9 to start.

10 MR. WALKER: Any other questions?

11 MEMBER SINGH: What can they do with the
12 work, the certificates?

13 MR. WALKER: The certifications, the
14 external ones, really are recognized by industry.
15 We have, like American Welding Society. We run
16 folks through the AWS. So when they get out, they
17 go to work somewhere in the industry, that's what
18 they look for - Are you AWS certified? So those
19 certifications speak for themselves. ABO, the
20 optical certifications. They speak for themselves.
21 AILM, the laundry ones.

22 The internal ones are more specific tasks
23 oriented to a job. So you've got somebody that is a
24 machine operator. We determine through that SOC
25 code testing that they are qualified to run that

1 machine. So when they get out and they go to that
2 employer and they hand them that certification, that
3 employer has some confidence that they are able to
4 run the machine, whether it is a punch press in a
5 license plate factory or a washer in our laundries.
6 There is some structure there that we have
7 confidence when we give them that certificate that
8 they can go out and give that to an employer and
9 they'll be successful in that job.

10 The second thing it does, it doesn't muddy the
11 waters for everybody that comes behind them. The
12 way the old policy was, there wasn't enough
13 structure. So you may have somebody who goes out
14 there with the certificate, and they can't perform
15 to the level that the employer was led to believe
16 that they could. So that is one of the main drivers
17 of this thing. The certification really is to
18 hopefully get them in the door, and the employer has
19 some confidence that they will be able to perform
20 those job duties.

21 Other questions?

22 MEMBER SINGH: So after the prison, they
23 can get some jobs?

24 MR. WALKER: Yes, sir.

25 MEMBER SINGH: Thank you.

1 MR. WALKER: Any other questions?

2 MEMBER WOODFORD: Thank you.

3 MR. WALKER: Item F, which is the last
4 information item, is on the GED. We continue to
5 support and promote the GED certification. We
6 currently have 4,282 offenders assigned. Out of
7 that, 3,246 either had a GED or high school diploma
8 or have made it through our program. We currently
9 have 212 enrolled in our program statewide, with
10 another 824 that are on the radar screen that have
11 neither enrolled or are in the process to have one.
12 We're making progress in that aspect, but we still
13 have a ways to go.

14 We're working with CDCR to facilitate online
15 testing. Not just with GED, but with a lot of other
16 external certifications. Everybody is moving to an
17 online format. So there is a technology gap there
18 that we have to bridge. Hopefully, that will make
19 it a lot easier for everybody. We continue to
20 monitor that, and we will continue to report on it,
21 and we continue to make progress on it.

22 Our GED policy. I brought it up at our last
23 Board meeting. The policy is that if an offender
24 comes into PIA, and they don't have a GED within two
25 years, they are removed from the program.

1 Additionally, they can't promote, move up any pay
2 grade until they have a GED. So if they come in at
3 the bottom of the pay grade, which is a D scale, you
4 cannot go beyond that D scale until you get a GED.
5 There is a waiver in there for those that are
6 developmentally disabled, to have that conversation.
7 So that we are not removing them from the program if
8 they have some, you know, documented disability. We
9 give them a waiver and we keep them in there.

10 Why that's important - Chuck brought it up -
11 we are kind of getting to the end of the rainbow on
12 that thing, the two years. We've not yet excluded
13 anybody from the program. So what we've done is
14 we're going out and notifying everybody that this is
15 coming. Kind of giving them a warning shot across
16 the bow. If you haven't got this and you're in the
17 program two years, you really need to pay attention.
18 The notion is we're going to give them a little bit
19 of a grace period here.

20 I expect by March or April of next year we'll
21 start enforcing that provision fully and say, "You
22 have to come out of the program." Obviously, we'll
23 look at resources. If they don't have the ability
24 to get to the GED, for whatever reason, we will take
25 that into account. As I spoke earlier, if there is

1 some reason why we need to give somebody a waiver,
2 we'll do that. But we have to start enforcing that
3 policy. It's been about two years now, so we're
4 going to start tightening up the --

5 MR. PATTILLO: That policy was adopted by
6 this Board and was blessed by the Office of
7 Administrative Law through the normal report process
8 so we can avoid any litigation of making that
9 requirement, requiring them to have the GED, the
10 requirement.

11 MEMBER SAITO: I have a question. If I
12 read into this, about a fourth of the folks that are
13 in the program don't have their high school diploma.

14 MR. WALKER: Correct, correct.

15 MEMBER SAITO: Is there any -- I should
16 know this. But there are post-secondary community
17 type classes or opportunities that are out there or
18 they're starting or already exist?

19 MR. WALKER: There is some out there.
20 There is, again, not necessarily a consistent
21 approach, but there is an availability at certain
22 institutions to do that. Not every one, but certain
23 institutions. Some are very active in that. Solano
24 would be a good example. San Quentin would be
25 another good example where they are very active.

1 Chuckawalla Valley is another good example. But
2 they are not out there everywhere.

3 Any questions I can answer?

4 MEMBER WOODFORD: One final one on GED.
5 The GED testing is getting harder. The test itself
6 has changed. Are there tutors available?

7 MR. WALKER: So we take two approaches to
8 this. One is where we can within our industry
9 programs we facilitate a classroom. A lot of places
10 we do that and allow the offenders to go there for
11 two hours twice a week. And in each one of those,
12 yes, there is a tutor. We also have other offenders
13 in our program that help tutor those folks as well.
14 So on-site we do it to the extent we can because we
15 think it is that important. They like it, right,
16 because they're compensated because they are still
17 on the job. They don't have to lose money to go to
18 this thing. Education, if you like it, it provides
19 them with the care to push these because they will
20 recognize these numbers as well.

21 Off-site, certainly, we can to the extent that
22 the institution has that capability. We push them.
23 Every place out there has a GED program. Sometimes
24 the access to that is difficult because of work
25 hours and stuff like that. We are very proactive

1 with education, to support that.

2 So the answer to your question, generally
3 speaking, there is tutoring out there. We continue
4 to push the thing. I think the online thing is
5 going to take this to the next level. We were over
6 at Folsom, Chuck and I, couple weeks ago. Up there
7 in the license plate factory. We actually have a
8 full-time teacher up there with education. Put him
9 up there. And he does a lot of things up there, and
10 he also does a lot of our GED stuff. We support him
11 as well with computers, with furniture and all the
12 other things to make a program successful. Because
13 secondary to a skill, maybe in addition to the
14 skill, as we all know, the GED is one of those
15 critical elements.

16 MEMBER WOODFORD: The only recommendation
17 is I would make is that in prisons where it is hard
18 to get volunteers to come and tutor, to try to work
19 with the library. Even in Marin County they manage
20 to go after a grant to pay for people to come in and
21 help the reading programs. I never thought about
22 looking at that statewide, but maybe the library
23 system statewide would be interested in doing that.
24 In rural prisons, I'm sure they have libraries.

25 MEMBER TRUJILLO: Mr. Walker, I beat this

1 drum several times before regarding the flat plate.

2 MR. WALKER: I will let Chuck speak to
3 that, but we will make whatever they want.

4 MR. PATTILLO: That was probably the answer
5 - we'll make whatever they want. We are the maker
6 of plates. We don't set the policy whatsoever.
7 There has been some push from vendors that want to
8 see us switch to the flat plate. The opposition to
9 that has come from the California Highway Patrol.
10 It has to do with the safety issue. They believe
11 that the plate is not readable in areas which are
12 heavy snow and heavy sand. They believe they cover
13 up the plate.

14 Until that changes over there, the DMV won't
15 change their decision on going from an embossed
16 plate to a flat plate. We are looking at the
17 specialty plate, for vanity plates, things like that
18 to go flat. We've been in discussions about that
19 for a while. Have some designs. But until the
20 customer tells us, Mr. Trujillo, that is what they
21 want, we can't just make it. It's really the call
22 between the CHP and DMV and actually the agency
23 secretary of transportation. We'll make anything
24 they want.

25 MR. TRUJILLO: Maybe we can get together and

1 see what we can do to change some people's minds
2 regarding the flat plate. I think that is -- where
3 are they going to get a job stamping.

4 MR. PATTILLO: I don't think the issue is
5 stamping. It's an actual job of running a press.

6 MR. TRUJILLO: This is what they are doing.
7 I understand that. But this is computer skills. It
8 is just more education for them to be able to secure
9 a job.

10 MR. PATTILLO: There's not really any
11 difference between -- after you get out of stamping
12 there's really no difference between setting the
13 plates because, as you've gone through our plate
14 factory, flat plates are a piece of metal and a last
15 that goes over the top of them. We already do that
16 right now. We just come behind it and stamp it. We
17 are actually doing more than that with these. The
18 other issue with that is if we went to flat plates
19 --

20 How many people are in the license factory
21 right now?

22 MR. WALKER: 110.

23 MR. PATTILLO: We'd actually drop down to
24 about 40 offenders. We'd actually lose 65, 70 jobs
25 if we went to flat plates. We will make anything.

1 I can find a job for those other 70 individuals, but
2 it's not driven by us at all.

3 MEMBER TRUJILLO: I understand that.

4 MR. WALKER: Second point. We are
5 developing the capability. There is a segment of
6 the plates right now that cost us a lot more money
7 to buy the sheeting out, the multiple colored ones,
8 the specialty plates. We are developing the
9 capabilities to do flat plates, and we are limiting
10 it to the specialty plates, not the flat specialty
11 plates. We're going to put the equipment in place,
12 the technology in place, and at the same do the
13 specialty plate graphics, to do flat plates.

14 So we're going to stay in front of the curve
15 as much as possible so at some point if somebody
16 makes the decision, we will be familiar with the
17 technology. We will be ready to go. So that
18 technology will be in place this year. Until
19 somebody tells us, as Mr. Pattillo said, tells,
20 we're going to make what they want.

21 MEMBER TRUJILLO: Thank you.

22 MR. PATTILLO: Any other questions, Board
23 Members?

24 We can switch to our Item 8, our external
25 affairs/leg update. The update is I am CALPIA's PIO

1 today. Eric Reslock who is actually in the room
2 doesn't work for PIA anymore. He recently left to
3 be the similar chief of external affairs for the
4 Office of Statewide Health Planning and Development.
5 So before we get -- I will have Eric come up in a
6 second. I want to talk about two things - January
7 29th is a telephonic Board meeting and to discuss
8 the leg report.

9 If you recall, we always do it after the
10 governor's budget comes out. Just so there are no
11 surprises being made to acknowledge. One of the
12 issues within that we're working with CDCR is we
13 have this one issue with realignment. The
14 measurement of recidivism is kind of an apples and
15 oranges thing now. Recidivism pre-realignment and
16 post-realignment. 'Cause you remember, folks aren't
17 coming back and that make us look great. And our
18 initial numbers are that our recidivism rate is 5
19 percent. Now, we don't know how many of those folks
20 may have made it back to county, and there's not a
21 statewide ability to measure folks that may have
22 recidivated back to county and not to us yet.
23 They're going through the measuring process.

24 We are working with CDCR. So we're measuring
25 exactly the same thing that they're measuring,

1 knowing what our differentiation is. It's not a bad
2 thing, but it's to work out. Our recidivism rate
3 goes in the leg report. So we may have it adjusted
4 or a denote, shall we say, in our report.

5 Any questions on that?

6 With that, if I can have Eric come up. As I
7 say, Eric has left us. He's been with us three
8 years. I've been fortunate to work with Eric since
9 1998.

10 MR. RESLOCK: 1997.

11 MR. PATTILLO: Something like that. Back
12 to when you were in the legislature. I have a
13 plaque here that says:

14 Eric Reslock, in recognition of
15 outstanding service, superior
16 performance, and commitment to the
17 California Prison Industry Authority
18 mission, CALPIA recognizes your
19 dedication, congratulates you and
20 wishes you well in your future
21 endeavors. (Reading)

22 MR. RESLOCK: Thank you for your support at
23 PIA. It's been a great opportunity. This is my
24 17th year of public service, but 14 and half of
25 those working for elective officials. So this was

1 actually my first real state job. So I think
2 without this I wouldn't have the opportunity to be
3 moving on. So I'm very grateful. I think the staff
4 at PIA is the hardest working pound for pound staff
5 that I've ever be around. And there is a ton of
6 spiritual benefit as well on a personal level, just
7 to be part of an organization that does so much
8 good. It's really great. So bitter sweet. I'm
9 moving on.

10 Thank you very much.

11 MR. PATTILLO: We can move to public
12 comment. I am going to give the Secretary heads up.
13 The only person of the public is this really good
14 looking guy to my right in the back. That's my
15 older brother. Just came to see if I had a real job
16 and report back to our mother.

17 MR. JOHN PATTILLO: I can report back now.

18 MR. PATTILLO: If you like to make the
19 announcement, I believe he is the only one for
20 public.

21 CHAIR BEARD: So this portion remains
22 reserved for comments on items not on the agenda.
23 Under the Bagley-Keene Act, the Board cannot act on
24 items raised during public comment, but may respond
25 briefly to statements made or questions posed,

1 request clarification, or refer the item to staff.

2 Is there anyone who wants to make a comment?

3 Hearing none.

4 MR. PATTILLO: He needs to hold his tongue.

5 CHAIR BEARD: Hearing none, we move on.

6 And I need a motion to adjourn the meeting.

7 MEMBER ALEGRIA: I will so motion.

8 MEMBER SINGH: Second.

9 CHAIR BEARD: All in favor.

10 Opposed.

11 Motion carries. The meeting is adjourned.

12 MR. PATTILLO: Thank you members.

13 (Hearing concluded at 11:09 a.m.)

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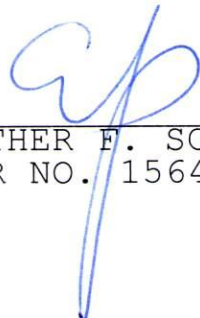
REPORTER'S CERTIFICATE

STATE OF CALIFORNIA)
COUNTY OF SACRAMENTO) ss.

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 60 herein constitute a complete, true and correct record of the proceedings.

IN WITNESS WHEREOF, I have subscribed this certificate at Sacramento, California, on this 3rd day of February, 2014.



ESTHER F. SCHWARTZ
CSR NO. 1564