

STATE OF CALIFORNIA

DEPARTMENT OF CORRECTIONS AND REHABILITATION

PRISON INDUSTRY BOARD

PUBLIC MEETING

FRIDAY, NOVEMBER 16, 2012

THE BOARD OF PAROLE HEARINGS

1515 K STREET

SACRAMENTO, CALIFORNIA

REPORTED BY:

ESTHER F. SCHWARTZ
CSR NO. 1564

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ATTENDEES

BOARD MEMBERS:

- MARTIN HOSHINO, CHAIR
- ESTEBAN ALMANZA
- GEORGE CHAPJIAN (TELEPHONICALLY)
- WILLIAM DAVIDSON
- CURTIS KELLY
- KIRA MASTELLER (TELEPHONICALLY)
- BRUCE SAITO
- DARSHAN SINGH
- MICHELE STEEB
- RAY TRUJILLO

STAFF:

- CHARLES L. PATTILLO, EXECUTIVE OFFICER
- SCOTT WALKER
- ERIC RESLOCK
- PHYLLIS GUARE

COUNSEL:

- JEFF SLY

GUEST SPEAKERS:

- ROY BORGERSEN
- LEONARD GONZALES

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1 SACRAMENTO, CALIFORNIA

2 FRIDAY, NOVEMBER 16, 2012, 10:00 A.M.

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4 CHAIR HOSHINO: Good morning. I'm calling
5 this meeting of the Prison Industry Authority Board
6 to order at approximately 10:05 a.m., Pacific
7 Standard Time.

8 Good morning. I'm Martin Hoshino, Acting
9 Secretary for the California Department of
10 Corrections and Rehabilitation. As part of the roll
11 of Acting Secretary, it is also a privilege to be
12 the Chairman of the Prison Industry Board.

13 I want to welcome all the Board Members,
14 members of the public, Board staff to the meeting
15 today. We thank you, of course, for all your time,
16 your service and your travel to get here today.

17 On the conference call are Board Members
18 Chapjian and Masteller, along with CALPIA staff
19 member Tracy Folau. They're calling in from the
20 Department of Parks and Recreation and Marine for
21 the City of Long Beach. This is a publicly noticed
22 location.

23 Thank you, Board Member Chapjian for letting
24 us use your facility.

25 MEMBER CHAPJIAN: Thank you. Welcome.

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CHAIR HOSHINO: Thank you.

Before we begin, I will ask the Board secretary to call the roll.

MS. GUARE: Good morning. Chair Hoshino.

CHAIR HOSHINO: Here.

MS. GUARE: Member Almanza.

MEMBER ALMANZA: Here.

MS. GUARE: Member Chapjian.

MEMBER CHAPJIAN: Here.

MS. GUARE: Member Davidson.

MEMBER DAVIDSON: Here.

MS. GUARE: Member Kelly.

MEMBER KELLY: Here.

MS. GUARE: Member Mastellar.

MEMBER MASTELLAR: Here.

MS. GUARE: Member Saito.

MEMBER SAITO: Here.

MS. GUARE: Member Singh.

MEMBER SINGH: Here.

MS. GUARE: Member Steeb.

Member Steeb is absent for the moment.

Member Trujillo.

MEMBER TRUJILLO: Here.

MS. GUARE: Member Woodford is absent.

Chair Hoshino, we have a quorum.

1 CHAIR HOSHINO: Thank you, Secretary.

2 Let the record reflect that we have a quorum.
3 At this time I would like to make a motion to recess
4 for closed the session portion of this meeting to
5 discuss pending litigation and other matters
6 pursuant to Government Code Section 11126(e)(1).
7 Since we have two members on the phone we need to do
8 a roll call for the vote.

9 (Closed Session.)

10 CHAIR HOSHINO: Welcome back, everyone,
11 members of the public, interested parties and Board
12 staff. The Prison Board meeting is now reconvened
13 at approximately 10:27 Pacific Standard Time. For
14 the record, the Board discussed pending litigation
15 in the closed session. And let the record reflect
16 that Member Steeb joined us, probably ten minutes
17 into the closed session.

18 At this time I would move the agenda item for
19 the Chair's comments. First thing I would like to
20 say is that this is day four for me in the role of
21 Acting Secretary. For some of you I was
22 congratulated and thanked for coming back to work
23 today, which tells me a little bit about the
24 dimension of the job.

25 As most of you know, Secretary Cate left us

1 this week, Monday. Tremendous loss, I think, for
2 the Board, for the correctional system at large.
3 His four and a half years was the longest tenure, I
4 think, in recent memory for a Secretary of the
5 correctional system. He wholly transformed many of
6 the ways that we approach, do things, in this
7 particular Department. Certainly led us through
8 some very challenging and difficult times during
9 that four and a half years. So I was lucky enough
10 or privileged enough to at least have enough trust
11 from the administration to at least try and hold the
12 fort down or mind the store, as we say, while the
13 administration searches for a permanent replacement.

14 I have to say, though, I am not completely in
15 the dark about the PIA. I've been a fan of PIA for
16 quite some time. I encountered it very early on
17 when I worked in the Inspector General's office over
18 ten to 12 years ago. Exposed to some of the
19 programs. And then as a board member for the Board
20 of Parole Hearings, not as a member, but as the
21 Executive Director of that.

22 The Board Members themselves were frequently
23 interacting with inmates who had gone through these
24 particular programs and had lots of positive
25 feedback from all of that. And we made it a point

1 to go to certain institutions to tour certain
2 programs. The optics program down south being one
3 of them that comes to mind, as well as some of the
4 programs that existed at Solano State Prison.

5 So I've always thought PIA was a bit of a
6 bright light in the spectrum of the Department, and
7 certainly would like to commit to doing everything
8 that I possibly can in either a limited role or in a
9 long-term role in helping PIA remain successful in
10 the programs and things that it does. Recognizing,
11 of course, it's challenging times for about every
12 government agency, service, state program along the
13 way; and PIA is no exception to that.

14 Some of the items that I think we're going to
15 be covering today in terms of action items or
16 informational items reflect the difficulties that we
17 are still trying to manage our way through, given
18 the fiscal condition of the state and the Department
19 at large.

20 So without delaying any further, I want to go
21 over some of the specific notes. The Board Members
22 could show me the courtesy of identifying themselves
23 when they make particular comments, me not having
24 had the opportunity to get to know each of you
25 personally and know you and know your names.

1 Perhaps that will come with time.

2 So I will also ask indulgence from the staff
3 as well and members of the public on this maiden
4 voyage for me that I might struggle or stumble
5 through a little of this stuff, but I will do my
6 best to make sure we cover all the agenda
7 completely, thoroughly and appropriately as well as
8 be mindful of the time that we all have here today.

9 So today the Board is going to consider the
10 findings of the committee from the November 9th
11 public hearing, the November 9th public hearing,
12 that gathered testimony on three proposals. They
13 were the deactivation of the Modular Building
14 Enterprise at Folsom State Prison, the diminishment
15 of Construction Services and Facilities Maintenance
16 Enterprise at Folsom State Prison, as well as the
17 diminishment of the Career Technical Education
18 Programs statewide.

19 There are three action items and four
20 information items on today's agenda. I see that we
21 have some members of the public present. There will
22 be an opportunity for the public to comment after
23 each item is presented to the Board Members. If you
24 intend to comment, please make sure that you fill
25 out a speaker request sheet located on the table

1 near the door and give it to the Board Secretary
2 sitting to my left in the room.

3 At this time I would invite any Member of the
4 Board, Prison Industry Board, to make any comments.
5 For the Members that are on the phone today, it
6 would be particularly helpful if you would identify
7 yourself. And I think I will start by asking if
8 Members Chapjian or Mastellar would like to
9 comment.

10 MEMBER MASTELLAR: Not at this time. Thank
11 you.

12 MEMBER CHAPJIAN: Not for me, either.

13 CHAIR HOSHINO: To the Board Members
14 present in the room.

15 MEMBER TRUJILLO: Mr. Chairman, I chaired
16 the public hearing. If you would like, I will give
17 a verbal report.

18 CHAIR HOSHINO: That would be great.
19 Member Trujillo.

20 MEMBER TRUJILLO: Thank you. Three items
21 were discussed at the public hearing on November the
22 9th, 2012. Number one was the deactivation of the
23 Modular Building Enterprise at Folsom State Prison.
24 Number two, diminishment of Construction Services
25 and Facilities Maintenance Enterprise at Folsom

1 State Prison. And number three, diminishment of
2 Career Technical Education, CTE, Programs statewide.

3 Our General Manager informs me that the
4 transcript of the meeting will be finalized by the
5 transcriber and posted in the next few days.
6 However, I can provide a short summary of the
7 testimony.

8 Other than the presentation of Item 1 and Item
9 2 by the General Manager, there was no public
10 testimony for or against these items. The General
11 Manager's testimony was consistent with the Board's
12 packet information that was provided to all the
13 Board Members.

14 I chaired the meeting and was joined by Member
15 Woodford and Warden Virga of the California State
16 Prison-Sacramento. I had one specific request, and
17 that was for CALPIA to provide the Prison Industry
18 Board with any evaluations that the Department of
19 Corrections and Rehabilitation performed on the
20 CALPIA Modular Building Program and any response
21 that CALPIA has done to these evaluations. Our
22 General Manager has indicated such documents exist,
23 but as of today I have not received these documents.

24 Mr. Pattillo, can you give me the status of my
25 request?

1 MR. PATTILLO: I anticipate that the
2 documents will be available probably later today or
3 tomorrow. I know one of the documents was the
4 document sent to me from the Department of
5 Corrections; and as normal protocol, we give them
6 the opportunity for their legal department to review
7 it and to see if there is anything that is possibly
8 subject not to disclosure. In this case, I don't
9 think that is going to be the case.

10 I just got an email late last night that legal
11 was reviewing it. I thought I'd actually have it by
12 then. I'm hoping later today. One document is
13 authored by me. The second one is authored by the
14 Department of Corrections. We gave them the
15 opportunity to take a look at it.

16 MEMBER TRUJILLO: Thank you, Mr. Pattillo.

17 Item No. 3, diminishment of the CTE Program
18 and testimony from the public hearing after the
19 General Manager presented the item consistent with
20 the Board package. There was public testimony by
21 the following four people in support of the CTE
22 Program and opposed the diminishment of the Career
23 Technical Education Program statewide.

24 First speaker, Mr. Leonard Gonzales, Executive
25 Director of the Labor's Training and Retraining

1 Trust Fund of Northern California. Mr. Roy
2 Borgersen, representing the Ironworkers Local 118
3 and vocational instructor at Camp 12, Green Valley
4 Training Center, a CALPIA employee. Rick Davis,
5 business manager Ironworkers Local 118. And James
6 Martinez, representing Ironworkers Local 118, a CTE
7 trainer at Folsom State Prison.

8 That concludes my report to the Board, but I
9 really have more questions than I have answers.

10 If I can, Mr. Chairman, I would like to read
11 those?

12 CHAIR HOSHINO: Please proceed.

13 MEMBER TRUJILLO: First, I find it sad that
14 Mr. Pattillo would suggest that the three programs
15 be shuttered. These three programs were personally
16 developed and championed by Mr. Pattillo and helped
17 define his leadership at CALPIA in the deployment of
18 inmates' rehabilitation programs that actually work.

19 Number two, I don't understand why CALPIA has
20 a statutory obligation to remain self-sufficient and
21 that these programs are to be a drag on revenues.
22 However, it is very apparent that these programs
23 save the CDCR and the State of California millions
24 more than they cost. So I can't understand why CDCR
25 is not stepping up to the plate and saving one of

1 the few programs that I've ever seen work. If you
2 don't believe me, read the CTE report in the back of
3 the meeting binder.

4 Number three, I don't understand why CDCR
5 would cease running the CTE Programs as they
6 previously did, and even more so what does CDCR have
7 that works better than what PIA has developed?

8 Fourth, I don't understand why there seems to
9 be a strain on the working relationship between CDCR
10 and CALPIA when it comes to sharing millions of
11 dollars of work that is going into our prisons.

12 Number five, the model that CALPIA has
13 developed that uses inmates to provide maintenance
14 and construction services is one that should be
15 expanded and utilized wherever possible.

16 Number six, as a PIA Board Member and
17 taxpayer, I know this provides job skills and saves
18 millions, ensuring that these men and women don't
19 come back to prison. I'm disappointed that we're
20 talking about killing one of the few programs that
21 work.

22 Lastly, can I get an explanation why I haven't
23 received the documents that I requested regarding
24 the modular buildings, Mr. Pattillo?

25 MR. PATTILLO: Those same documents I'm

1 hoping later today or tomorrow, Mr. Trujillo.

2 MEMBER TRUJILLO: Thank you. That
3 concludes my report, Mr. Chairman.

4 CHAIR HOSHINO: Thank you, Member Trujillo.
5 Any other Board Members for general comments
6 on agenda items today or any other observations?

7 MEMBER SINGH: I move this item.

8 CHAIR HOSHINO: I don't think we are ready
9 for the motion. We are at the general comments part
10 of the agenda.

11 MR. PATTILLO: This is just a report, Mr.
12 Singh. You recall, as you've chaired so many of
13 these, we don't have to adopt the report. It is
14 just a verbal report, giving you the verbal report.
15 You don't have to move to adopt it.

16 MEMBER SINGH: Not an action item?

17 MR. PATTILLO: This one is not an action
18 item.

19 MEMBER SINGH: Okay.

20 CHAIR HOSHINO: Hearing or seeing no
21 comments generally for the agenda, I will turn us to
22 the next agenda item which is comments from the
23 Executive Director.

24 MEMBER TRUJILLO: Mr. Chair, I would like
25 to make a suggestion as the chair of the public

1 policy meeting that I recommend to the Board that
2 Item 1, the deactivation of that Modular Building
3 Program at Folsom State Prison, be stayed in place.

4 Number two, the diminishment of the
5 Construction Services and Facilities Maintenance
6 Enterprise at Folsom State Prison, we can do away
7 with that. And also, number three, diminishment of
8 the Career Technical Education, CTE Programs, we
9 don't want to do away with either one or two. That
10 would be my recommendation to the Board.

11 CHAIR HOSHINO: So I may not be familiar
12 completely with your parliamentary processes here,
13 but those comments are noted for the record. My
14 intention was today to, when we went to each
15 individual action item, solicit comments from the
16 Board on each item, where we could have as much of a
17 discussion or debate about the subject as
18 appropriate, as well as by comments, invite comments
19 from members of the public or other interested
20 parties.

21 So, Member Trujillo, I think what we have is
22 your views on record early on, but feel free to
23 restate them when we get to those particular items.

24 MR. PATTILLO: Yes, on the action items, if
25 Mr. Trujillo wants to restate what his

1 recommendation is on each item at that point.

2 MEMBER TRUJILLO: Okay.

3 CHAIR HOSHINO: It would help me to
4 understand as I come up to speed, to track. It will
5 be helpful for me to break them into pieces rather
6 than all at once.

7 So thank you very much.

8 Director Pattillo.

9 MR. PATTILLO: Good morning, Mr. Chair and
10 Members. As it's been identified, I am Charles
11 Pattillo. I am General Manager of Prison Industry
12 Authority and Executive Officer of the Prison
13 Industry Board.

14 Today we have for your consideration three
15 proposals that were presented to -- let me back up.
16 I forgot to say one thing.

17 As you all know, Mr. Greenstone passed away
18 two Fridays ago. And on behalf of his family, I
19 wanted to extend thank you very much for all the
20 condolences and the cards and the calls and the
21 letters and emails that his family received. I
22 don't think that we'll see a Board Member that will
23 serve that amount of time or has such an impact for
24 a very long time. So I think a lot of you have 45
25 more years to spend on the Board to get to that

1 impact. Mr. Singh is the second longest serving
2 Board Member now.

3 We will be expecting a lot more from you,
4 Mr. Singh.

5 But on behalf of the family I want to say
6 thank you very much. He was a loved man by
7 everybody, and I personally will miss him.

8 MEMBER CHAPJIAN: Mr. Chairman, if we can
9 adjourn in his memory at the end of this, in
10 Leonard's memory, can we do that?

11 MR. PATTILLO: Noted for the Chairman.

12 MEMBER CHAPJIAN: Okay.

13 MR. PATTILLO: Today we have for your
14 consideration three proposals that were presented to
15 the subcommittee at the noticed public hearing on
16 November 9th, as well as three additional action
17 items. The three proposals that were heard on
18 November 9th, which Mr. Trujillo chaired and which
19 he brought up, are the deactivation of the Modular
20 Building Enterprise at Folsom State Prison, the
21 diminishment of the Construction Services and
22 Facilities Maintenance Enterprise at Folsom, and the
23 Diminishment of the Career Technical Education
24 Program statewide.

25 These proposals, along with current CALPIA

1 administrative remedies and reduction of CALPIA's
2 civil service positions, both at central office and
3 in the field, will help re-establish profitability
4 and give CALPIA a stronger base from which to grow
5 in the future. But, honestly, as Mr. Trujillo said,
6 I have to agree that they do harm to our mission to
7 reduce recidivism.

8 We have talked -- I've met with each one of
9 the Board Members individually to talk about what
10 our past year finances are and what our current
11 finances are. We took a significant loss in the
12 past year. Couple things that really impacted us
13 were the cancellation of the fourth quarter orders
14 for CDCR. We actually had higher revenues than the
15 year before. And as you can imagine, CDCR is 62
16 percent of our revenue, so when they canceled the
17 fourth quarter orders, it is a huge impact, and it
18 wasn't something we were planning on. I don't think
19 it was something that CDCR was planning on until the
20 first day of the fourth quarter, and I understand
21 why they did. And it was just unfortunate.

22 Our planning this year is taking into
23 consideration the cancellation of the fourth quarter
24 orders again. I don't want to be surprised like
25 that.

1 Couple others thing that we're doing is trying
2 to reduce as much non-statutory expenditures. And
3 one of those non-statutory expenditures is the CTE
4 Programs. The CTE Programs are great. They do cost
5 us money, but the savings that accrue don't accrue
6 to us. They accrue to the Department of
7 Corrections. I think Mr. Hoshino already noticed
8 that; he realizes what the savings are for those
9 programs for the minimal investment that we are
10 doing on our side.

11 The other question was -- I think several of
12 you had a question about cash flow and where we are
13 in cash flow-wise. And this loss that we just took
14 in the past year, even though we lost a lot of
15 profit from the last quarter cancellation, we didn't
16 lose a lot of cash overall. Because, as many of you
17 remember, in the first five, six years I was here I
18 invested significantly in capital, equipment. And
19 as we're going by, we have huge depression expenses
20 that we're taking. So last year's depreciation
21 expense was about \$6.2 million, which means that
22 went to the bottom line. Part of that loss that we
23 took last year is mostly depreciation. So it hasn't
24 affected our cash flow. And I'm scared to put this
25 on the record because I know how things work, but we

1 did have \$72,000,000 in holding four days ago. So
2 our cash flow has not been harmed as much as one
3 would think.

4 The other problems that we obviously have, our
5 OPEB is killing us. It's up to \$7.2 million
6 annually. We're one of a couple of departments that
7 pay that. As you guys know, that is the -- we have
8 talked several times about the healthcare for
9 retirees in the future. One of the ways to get
10 around that is the governor's suggested moving
11 retirement age for state employees to 67. So they
12 qualify for Medicare and that eliminates our entire
13 OPEB problem, but I don't think we're going to see
14 that in our day, shape or form.

15 We are accommodating these things, taking into
16 consideration and we minimize expenses wherever we
17 can.

18 As I told the committee, the decision to
19 present these proposals is not an easy one. These
20 three programs that we're suggesting that we shut
21 down, as Mr. Trujillo points out, were programs I
22 started, personally. And I came to this Board and
23 asked for this, and I got the support. So for me to
24 ask for these to go down, you know I am serious.

25 But under Penal Code 2801, we must pursue our

1 mission within the context of maintaining
2 self-sufficiency. Even though we did not maintain
3 profitability last year, we are still
4 self-sufficient. As I just explained our cash flow.
5 We still have cash. I expect the Board to assist me
6 in moving this whole program forward.

7 Some of the great things that we do, the
8 benefits don't accrue to us. We need to figure out
9 how those benefits will accrue to us. The biggest
10 benefit is the offenders that don't come back to
11 prison. There is no other program within CDCR,
12 within the State of California or within the United
13 States that has a lower recidivism rate than the
14 programs that CALPIA puts on. I know there is a
15 couple of things that have a lower recidivism rate,
16 but they are not programs. Things like the death
17 penalty.

18 Because CALPIA suffered a financial setback in
19 2011-12, more focus needs to be directed at the
20 profitability of each enterprise. Over the years
21 some of the impacts we've had, like the optical
22 program, for an example. That used to be a very
23 profitable program for us at four different
24 locations in the state. But when Medi-Cal was cut
25 back significantly, that really cut back our optical

1 program. We, unlike most businesses, fund our
2 losers from our winners. Many of you have a
3 business background. And if we had a business that
4 continually lost money every year, we'd eliminate
5 it. We don't do that. We were funding it from the
6 winners. Now some of the winners are suffering.

7 These steps are offered with great reluctance
8 because, like I said, we generally had enough
9 profitability to allow some unprofitable enterprises
10 to occur. But with OPEB, that is one of the things
11 that we weren't expecting -- or we were expecting.
12 They just won't go away. Specifically, OPEB. One
13 of the things we're looking at right now is this
14 Board puts aside \$7,000,000 in a cash account for
15 OPEB.

16 We are looking to contract with PERS to invest
17 that, allow PERS to invest that money instead of
18 going into the pooled money investment account which
19 only has a 1 percent return a year. It makes sense
20 that, with the approval of the Board, looking at
21 what a safe investment would be for the State to put
22 that money into a higher earning account. That way
23 we reduce our liabilities going forward. Those are
24 the kind of things we're looking at. So I will
25 expect some help from the Board when we get closer

1 to looking at that.

2 The other short-term implementations are a
3 hiring freeze and cessation of some non-statutory
4 activities that are in my immediate purview. That
5 includes layoffs. Layoffs is not an issue where I
6 come back to the Board and ask, say, I'm going to
7 layoff X amount of folks." We're not closing
8 factories that do some of these layoffs. We have
9 positions that we've identified out in the field.
10 Approximately 27.

11 MR. WALKER: Yes.

12 MR. PATTILLO: About 27 positions that
13 we've identified out in the field that are not
14 filled or are filled and they will be put into a
15 layoff plan. Some of those are in central office.
16 We have about 15 in the central office. Work will
17 be spread. It's not going to affect too many
18 things. One of the things that's really affecting
19 us is prison realignment and the number of prisoners
20 coming down.

21 Mr. Chair, I'm trying to think of the total
22 number that we've done since the beginning of the
23 year, 34,000.

24 CHAIR HOSHINO: In perspective, since the
25 height or peak of overcrowding, we've come down

1 44,000 inmates. Since October 1st, it's 24,000.
2 October 1st being implementation day of realignment.

3 MR. PATTILLO: Those were some of our
4 customers. Not only is it hurting us on the
5 customer side - I'm not saying it's a bad thing -
6 it's also hurting us on the type of inmate that
7 we're working with. We're losing a lot of the
8 inmates. Fire camps do have a higher priority. I
9 agree with that.

10 Mr. Saito, you run a fire camp, so you know
11 how this works.

12 But at the end of the day, if you look at our
13 numbers, we have a better success rate with higher
14 level offenders, which is kind of something that was
15 very surprising for me to look at. Level 2, 3 and 4
16 offenders have a lower recidivism rate than our
17 Level 1's. I think the common theme is that Level 1
18 prisoners, once they get to minimum security, don't
19 get their mind right until they really understand
20 they're going to do some serious time. Just my
21 unscientific bias.

22 One of the things I was struck by at the
23 public hearing was the extent of support from the
24 labor community. We have two labor representatives
25 on our Board. We have some folks here that are from

1 the trainers from that program. This is our CTE
2 Program we created in 2006. It's going to be very
3 hard to replicate that by any means, shape or form.

4 Vocational education in prisons in doing
5 construction work is not the same thing that we do.
6 We actually go out there and do work. We reduce
7 costs for state parks, local parks. We don't do
8 enough in the institutions versus vocational
9 education class that learns how to build houses
10 using popsicle sticks. It is kind of a different
11 thing, different way of doing stuff.

12 I don't think anything that -- I think the
13 union folks that are here today are going to share
14 -- a lot of them have been involved in other
15 programs, and nothing they've ever seen compares to
16 what we are doing here.

17 If there aren't any questions, I'm prepared to
18 start with the first item.

19 CHAIR HOSHINO: Thank you. I want to
20 demonstrate that I'm picking this up. So turning to
21 the next agenda item on action items that will be
22 presented by General Manager Pattillo. I think I
23 keep referring to you --

24 MR. PATTILLO: I'm Executive Officer
25 today.

1 CHAIR HOSHINO: There you go. Let me
2 restate that. I'm not quite figuring it out yet.
3 Director-General-Manager Patillo.

4 MR. PATTILLO: When I first started, there
5 were two positions here. There was an Executive
6 Officer and a General Manager. In 2006 they
7 eliminated the Executive Officer position and
8 appointed me to that when I was deputy. And when I
9 become the General Manager, they did not allow us to
10 backfill the position. So that is kind of how that
11 happened.

12 CHAIR HOSHINO: Let me do this: Chuck, why
13 don't you takes us through the action items.

14 MR. PATTILLO: Thank you, Mr. Secretary.
15 The first item is approval of the report from
16 Prison Industry Board Career Technical Education
17 Programs, Fiscal Year 2007 to 2008, 2010-11. We are
18 asking the Board -- this is a report to the Board.
19 This is a report on the expenditures of the program
20 that we started in 2006. We started scoring this in
21 2007. I believe the report is in your binder. When
22 you pull it out, it has a pretty picture on the
23 front of it.

24 This report shows how the CTE Program benefits
25 offenders, enhances public safety and provides

1 savings to government entities at all levels. We're
2 going to go into more history and background of CTE
3 Program in a later item.

4 Since its implementation - it was actually
5 2006, but in 2007 we did the full scoring - the CTE
6 Programs reduced recidivism rate by enhancing
7 vocational skills, promoting education and providing
8 employment assistance. This report documents that
9 CTE participation lessens downstream criminal
10 justice costs and has the potential to greatly
11 reduce these costs in proportion to the program's
12 size. Recidivism consumes criminal justice
13 resources in three general categories: arrest,
14 judicial and reincarceration.

15 Data for the paroled CTE Program participants
16 shows that, cumulatively, from Fiscal Year '07-08 to
17 '10-11, released CALPIA CTE graduates have a
18 recidivism rate of 7.13 percent. That is cumulative
19 rate. The only thing lower than that is the
20 individual dive rate, which I think is down to four,
21 five.

22 So the participants perform a variety of
23 projects that result in labor cost avoidance. I
24 think we have a list in there of the jobs that we
25 did at host institutions and multiple projects that

1 we did at very low cost. That was where the other
2 savings came in. The recidivism cost avoidance from
3 the program for those years was over \$10,000,000.
4 And we completed 17 designated projects, totaling
5 21,889 project hours. Between going out and using
6 the way we did it and private contractor costs, the
7 total estimated project cost avoidance was \$2.5
8 million. The report documents it's an effective
9 rehabilitation program that provides savings to
10 taxpayers at every level. And it's proven that
11 changing criminal behavior requires strategic
12 investment in effective programs. And this was a
13 strategic investment.

14 We funded the first part of this program
15 through a contract with CDCR. Even when that
16 contract stopped, I asked this Board to continue the
17 funding on because I knew the study was going on,
18 and I really didn't want to not complete the study.
19 So this is a report just to the Board. It will be a
20 public document. We vetted this. This is probably
21 the sixth time you've seen this over a year and a
22 half that we've been working on it.

23 CHAIR HOSHINO: Any comments or questions
24 from Members of the Board on the report?

25 I do have one question. I just want to make

1 sure I am reading the one section of the report
2 right. It kind of frames some of the discussion of
3 things that the Board has been looking at for some
4 time and probably will be in the future as you go
5 through change. There is a section of the impact of
6 the realignment, and there it talks about -- and I
7 think I read that approximately 60 percent of the
8 population that ordinarily would be in some of the
9 programs, especially the Career Technical Education
10 Programs, 60 percent of those folks you ordinarily
11 see would not be in our system because they would be
12 the non, non, non-folks that would be in the
13 communities.

14 MR. PATTILLO: You're correct. That is
15 going to skew the outgoing results. So we're trying
16 to figure out -- because one of the questions we
17 will keep updating this, but that is really going to
18 skew the results. So this may be a study end here
19 because those folks may not be coming back at all
20 anymore.

21 But the focus on our CTE Programs going forward
22 was planned on being -- moving that into folks that
23 are higher level classifications. Some of the
24 folks, that no matter what, are going to end up
25 coming back. What I mean, if they do something out

1 in the community, they're not going to be exempt
2 from coming back.

3 CHAIR HOSHINO: Understood. Any other
4 comments from Members of the Board?

5 Seeing none, is there any member from the
6 public - I don't have a card - is there any member
7 of the public that would like to address this item?

8 Seeing none, is there a motion to approve the
9 action item for approval of the report to the Prison
10 Industry Board.

11 MEMBER STEEB: So moved.

12 MEMBER SAITO: Second. Member Saito.

13 CHAIR HOSHINO: Please call the roll.

14 MS. GUARE: Chair Hoshino.

15 CHAIR HOSHINO: Aye.

16 MS. GUARE: Member Almanza.

17 MEMBER ALMANZA: Aye.

18 MS. GUARE: Member Chapjian.

19 MEMBER CHAPJIAN: Aye.

20 MS. GUARE: Member Davidson.

21 MEMBER DAVIDSON: Aye.

22 MS. GUARE: Member Kelly.

23 MEMBER KELLY: Aye.

24 MS. GUARE: Member Masteller.

25 MEMBER MASTELLER: Aye.

1 MS. GUARE: Member Saito.

2 MEMBER SAITO: Aye.

3 MS. GUARE: Member Singh.

4 MEMBER SINGH: Yes.

5 MS. GUARE: Member Trujillo.

6 MEMBER TRUJILLO: Aye.

7 MS. GUARE: Thank you.

8 CHAIR HOSHINO: Mr. Pattillo.

9 MR. PATTILLO: The second item is the
10 deactivation of the Modular Building Enterprise at
11 Folsom State Prison.

12 PIA proposes to deactivate the Modular
13 Building Enterprise due to a lack of revenue for
14 modular buildings over the past 24 months and an
15 absence of new orders in the immediate future. We
16 must reduce fixed costs within the overall
17 operations, as we spoke before, while retaining the
18 ability to re-establish the Modular Building
19 Enterprise if and when there is a resumption in
20 demand for the product.

21 This proposal will result in a corresponding
22 diminishment of the existing CTE Program there, plus
23 at FSP, and three CTE Programs that operate within
24 the Folsom MBE - carpentry, labor and ironworks.
25 The MBE was established to manufacture modular

1 buildings for the Department of Corrections and
2 other government agencies, based on space demand for
3 medical programs and admin purposes. We provide
4 construction skills, as I mentioned, for assigned
5 inmate workers. Concurrently, a CTE program was
6 established for local trade unions to certify inmate
7 workers who complete the required training
8 curriculum. CDCR provided financial support for
9 individual CTE Programs, but that funding ceased in
10 '11-12. The corresponding CTE rate for these part
11 of the programs was just a little bit under 10
12 percent.

13 Demand for modular buildings has been
14 declining since a high of \$25.3 million in '08-09 to
15 a current revenue estimate of zero. We initially
16 had a revenue estimate of \$1.5 million, but we don't
17 think that's going to materialize. The Board had
18 actually authorized us \$3,000,000 to build a couple
19 prototypes. We had some difficulty getting those
20 prototypes out on the ground. We just put our
21 second one on the ground yesterday.

22 MR. WALKER: Wednesday.

23 MR. PATTILLO: At least it ran over all the
24 gates getting it up there. It's at Camp 12 now. If
25 you guys come out to Camp 12, it will be the

1 emergency operations center. It is being
2 cross-designated as a Homeland Security training
3 facility. The whole idea of this is to build three
4 facilities that folks can come out and get a feel
5 for them and want to buy them.

6 The other project we built was a telemedicine
7 facility at Pelican Bay that we installed about six
8 months ago. It is in operation, this emergency
9 operations center. And a third that one we're
10 trying to -- we're going to have to scrape some more
11 dollars together for a new modular light, which is
12 the lightest. I think pretty much everybody here
13 has been out to the modular factory before. We are
14 moving away from cement bottoms and moving the
15 cement out of it. Lighten up the product. And
16 we're going to build a mini office building out at
17 our location.

18 We're trying to scrape the dollars together to
19 get that one done. I may come back to the Board in
20 January to see what I'll need to finish that
21 project. I think it is very important that, even
22 though we are talking about deactivating the
23 facility, that we continue building these prototypes
24 so we have customers who can see what is going on,
25 and we can possibly open this facility back up.

1 If we don't -- one of the problems if we don't
2 approve this right now, it takes 120 days to do any
3 kind of layoff or movement of people. And that's
4 what kind of hurt us in the fourth quarter last
5 year. When fourth quarter orders got canceled,
6 there wasn't a whole lot I could do. I had to keep
7 factories open, and they were idle, and I had to
8 continue to pay folks. Because under self-service
9 organization, it takes 120 days minimum to do any
10 kind of movement. We can't even ask people to move
11 to other jobs in this case.

12 The reduction demand is primarily because CDCR
13 shifted to large construction projects versus
14 modular buildings. That original 25,000,000 that
15 was from a couple years ago was two Secretaries ago,
16 and I going to the Legislature and asking the
17 Legislature, Jim Tilton, and asking the Legislature
18 for an appropriation of \$25,000,000. What was left,
19 when we used to have things called budget dust at
20 the end of the year, to build a bunch of prototypes.
21 And we did. We built a total of 100 individual
22 units out of that \$25,000,000. Eight drug treatment
23 facilities throughout the state; and we did this all
24 within about an 18-month period. That was a real
25 high number. We were running the factory seven days

1 a week, ten hours a day.

2 As I mentioned, we have the prototypes
3 under construction. CALPIA only manufactures
4 modular buildings at Folsom.

5 The proposed deactivation of the MBE would
6 have a positive impact on CALPIA as this would
7 increase overall gross profitability of CALPIA, and
8 we would no longer subsidize this business from
9 revenue derived from more profitable lines.
10 However, the deactivation will necessitate canceling
11 three significant training contracts with local
12 trade unions for the purpose of the CTE Programs.
13 And these costs have been a direct expense since
14 CDCR ceased funding the program at about 810,000 a
15 year.

16 It would lose 66 inmate assignments that would
17 be eliminated due to this deactivation and that
18 equates to about -- I think we're upwards of 2.4-,
19 \$2.5 million to recidivism savings on an annual
20 basis.

21 There are seven civil service positions that
22 will be affected. Two are currently vacant -
23 construction supervisor II, construction supervisor
24 I, industrial supervisor of the metal shop and
25 utility supervisor. Architectural assistant is open

1 and accounting technician. A couple of these folks
2 have already been moved in local areas. Affected
3 employees will undergo processing in accordance with
4 Cal HR and our Human Resources protocol. Consistent
5 with civil service timelines, actual layoffs, if
6 they occur, if they can't be placed in other PIA
7 operations, would not occur sooner than 120 days
8 from today.

9 There is minimal impact to local economy from
10 this, except for building suppliers who we buy
11 building materials from. The biggest impact, I
12 would say, from this is, again, the impact that we
13 have on recidivism. We have 66 assignments there.
14 We were running at one time 150 through there.
15 Every one of these folks who goes through there goes
16 through the CTE Program and gets a job when they get
17 out. Very few guys ever come back from this one.

18 So with that, I would recommend that the PIB
19 approve the deactivation of this factory effective
20 January 1, 2013. It is anticipated actions
21 associated would not be completed until April 30th,
22 but this would not prevent us from continuing to
23 build prototypes and keeping the factory open in
24 case there is business that comes in the next couple
25 months. This is just an authority to do so we don't

1 have to wait 120 days.

2 CHAIR HOSHINO: Questions or comments from
3 Board Members?

4 MEMBER KELLY: When you deactivate a
5 facility, do you have to have a public hearing again
6 to reactivate it?

7 MR. PATTILLO: Technically, no. We can
8 have a further discussion on it. But if we do a
9 warm deactivation like this, if we have to bring it
10 up, no. I only have to have public notice of it.

11 MEMBER KELLY: So that would open us up to
12 all -- I remember the history of this project, you
13 know, when we started it. We had -- first of all,
14 we went after the look at the inmate day labor,
15 start a project. And they ran screaming out of the
16 room. As a matter of fact, they ran so far that
17 they changed the authority of the Board that they no
18 longer have authority over them at all. How afraid
19 they were of us. We have to do some training.

20 Maybe not all the money would go to building
21 something. But it bothers me that we deactivate
22 this, and we have to go through all that again.

23 Sometimes it is better to be lucky than good.
24 I think we were lucky when we started these programs
25 and that everybody who is in the room now wasn't

1 there. Some of us were. The governor's changed and
2 the secretary changed. The Board Members have
3 changed. The business representatives who were at a
4 meeting changed. So we have to go back and go
5 through all that again. It might not be so easy
6 next time. We need to think really hard about
7 looking where there is money, to go after it to try
8 to keep these things open. Because once they're
9 gone, we'll have the same thing we have now with
10 inmate day labor where they're taking all the money
11 out of the projects and they're not putting anything
12 back.

13 Something for the Board to think about before
14 we vote to deactivate.

15 MR. PATTILLO: Mr. Kelly, you bring up a
16 great point. Everything has changed. I still have
17 the scars, though, from those hearings. I just
18 leaned over to Mr. Walker, my operations manager,
19 and one of the options we could do is basically do a
20 warm shutdown on the factory with notification of
21 the Board, just like we're doing here. I don't
22 think it would require a - I'm hoping my attorney is
23 listening to me over here - I don't think it would
24 require a vote, except maybe an amended vote, that
25 would allow me to do the actions that I need to do

1 personnel wise, but leave it in a warm shut down
2 with one person. That way we don't have to, when we
3 get to the point where we do bring it back up, we
4 don't have to go through all the hearings again.
5 That may be a suggested way to go.

6 CHAIR HOSHINO: Thank you.

7 Other Members, comments or questions?

8 MEMBER SINGH: Mr. Pattillo, how many
9 inmates would be affected with this?

10 MR. PATTILLO: Sixty-six, Mr. Singh.

11 MEMBER SINGH: Thank you.

12 CHAIR HOSHINO: Member Almanza.

13 MEMBER ALMANZA: We did go into this warm
14 shutdown. Right now there are zero orders, and you
15 don't anticipate any orders. It would be for what,
16 at least a year or two or -- at what point do we
17 determine that there is no more business for this
18 manufacturing?

19 MR. PATTILLO: We have a couple things that
20 we actually do there. I didn't bring it up because
21 they don't produce a lot of revenue, but they may be
22 enough to offset it. One is building a lot of
23 precast furniture. We are building park benches and
24 things like that.

25 The other thing that we're doing out there,

1 actually for your organization, is the recovery of
2 old furniture. We are doing all the grinding out
3 there and whatnot. So we could bring it down to, I
4 would say, one person as a supervisor and the inmate
5 crew and leave it on a warm shutdown and redirect
6 overhead from that factory.

7 MEMBER CHAPJIAN: Chuck, you as General
8 Manager, what would you like to do?

9 MR. PATTILLO: Well, Mr. Chapjian, when I
10 came into the room today, my proposal was to shut it
11 down, and Mr. Kelly brought up something. Because
12 if we are going to have to go through public
13 hearings, which I have no problems with, but
14 potentially giving the ability of not being able to
15 reactive is more of a threat to me than anything
16 else.

17 Ms. Steeb's talked to me several times about
18 the marketing of these buildings. We are in the
19 process of doing some different marketing tactics
20 for these buildings. I think my recommendation
21 would be more in line with what Mr. Kelly has
22 brought up, allow us to bring it down to a minimal
23 number of staff. Deactivate the actual operation of
24 the facility and just keep it in a warm shutdown for
25 the time being.

1 MEMBER CHAPJIAN: Would you like another
2 month to discuss that and see whether or not you can
3 do that and then come back, or would you like an
4 amended motion?

5 MR. PATTILLO: I think I'd probably like an
6 amended motion that would allow me to go forward
7 with my personnel issues because 120 days is the
8 thing that's going to kill me. And then I also know
9 Secretary Hoshino is working in the background
10 keeping some of the CTE operations going, and I
11 think he'll bring that up when it comes time to
12 speak to that.

13 Maybe an amended motion to allow us to move
14 ahead with personal actions as needed, and
15 understanding that we will keep the factory warm
16 with a minimum number, maybe one person basically to
17 just manage that facility.

18 MEMBER CHAPJIAN: I'm okay with that.
19 Curtis, are you okay that?

20 MEMBER KELLY: I'm fine with that.

21 MEMBER CHAPJIAN: I support that.

22 CHAIR HOSHINO: Any other comments?

23 MEMBER SINGH: We can amend the motion.

24 CHAIR HOSHINO: We have two things in front
25 of us here. Before getting to this, I did want to

1 -- I was going to save this for a little later. I
2 understand the difficult decision the Board is
3 making and has already made, I presume. This is a
4 difficult thing.

5 We do have a correctional system, however,
6 that's completely transformed from where it was,
7 where it is and essentially still where it is
8 headed. I understand the decisions. I'm the person
9 in the role that has been supervising or monitoring
10 the development and trying to steer as safely as
11 possible the \$1,000,000,000 reduction to the budget
12 last fiscal year. These are savings that are to
13 grow to \$1.5 billion. We have made a lot of tough
14 calls and a lot of tough choices along the way, the
15 very best that we can.

16 I encourage all the Board Members and members
17 of the public and people to advocate as forcefully
18 and as strongly for the things that you believe in
19 and things you think are most effective. Because I
20 think that's how we find out and we learn as we
21 enter these particular decisions how important they
22 are and that we truly need to understand the
23 ramifications and effect of these, because they are
24 really, really difficult decisions.

25 So as a preface to that, I think on this

1 particular item we have two motions in front of us
2 that are being contemplated. One, the original one,
3 that is as recommended, to begin the deactivation --
4 not to begin it, but to actually execute on the
5 deactivation of this particular program. And then
6 one to slightly, to deactivate, but to leave it in
7 what we are referring to as a warm shutdown mode
8 with a very minimal amount of investment.

9 I think Executive Officer-General Manager
10 Patillo identified that he would at least leave one
11 employee on the ground there, which is what we have
12 done, frankly, in some over larger facilities. Just
13 to keep the lights on and pipes running and the
14 lights to make sure that we do have an opportunity,
15 and we all certainly hope we will, that we're able
16 to buy back some of these programs and restart them.
17 We can get to where we want to go a little bit
18 quicker.

19 So I will look to what I think was an emerging
20 place for the Board and start by asking members of
21 the public to now comment on this subject, if they
22 wish to.

23 Then seeing none and hearing none, looking to
24 a Board Member to make a motion in support of what I
25 felt like we were headed, which is the deactivation

1 with a warm shutdown amendment to it.

2 MEMBER CHAPJIAN: I will make a motion.

3 CHAIR HOSHINO: Any second?

4 MEMBER SINGH: I second.

5 CHAIR HOSHINO: Please call the role.

6 MS. GUARE: Chair Hoshino.

7 CHAIR HOSHINO: Aye.

8 MS. GUARE: Member Almanza.

9 MEMBER ALMANZA: Aye.

10 MS. GUARE: Member Chapjian.

11 MEMBER CHAPJIAN: Yes.

12 MS. GUARE: Member Davidson.

13 MEMBER DAVIDSON: Aye.

14 MS. GUARE: Member Kelly.

15 MEMBER KELLY: Aye.

16 MS. GUARE: Member Masteller.

17 MEMBER MASTELLAR: Aye.

18 MS. GUARE: Member Saito.

19 MEMBER SAITO: Aye.

20 MS. GUARE: Member Singh.

21 MEMBER SINGH: Yes.

22 MS. GUARE: Member Trujillo.

23 MEMBER TRUJILLO: Aye.

24 CHAIR HOSHINO: Motion carries. Let the

25 record reflect also that the first action item,

1 which is the approval and adoption of the report,
2 was also an item that carried by vote. I think I
3 neglected to close that item out.

4 So next action item, Mr. Patillo.

5 MEMBER STEEB: Mr. Chairman, I didn't get a
6 chance to vote. I just want to be on record with my
7 yes as well.

8 MS. GUARE: Sorry.

9 MR. CHAPJIAN: Curtis, thank you for taking
10 us down that direction.

11 MR. PATTILLO: Diminishment of the
12 Construction Services and Facilities Maintenance
13 Enterprise at Folsom State Prison.

14 PIA proposes the diminishment of the
15 Construction Services and Facilities Maintenance
16 Enterprise at Folsom State Prison. The Folsom CSFM
17 has failed to achieve forecasted revenue in both
18 Fiscal Years '10-11 and '11-12 as demand for these
19 services at FSP and the surrounding area has not
20 materialized. We have not been profitable at the
21 gross level for the last two years.

22 CSFM Enterprises continue to operate at
23 California State Prison-Solano and California Men's
24 Colony in San Luis Obispo. We will maintain one
25 construction supervisor within the CSFM and Northern

1 California and Southern California to facilitate
2 future construction services internal to PIA.

3 CSFM was established to service both internal
4 CALPIA customers and external tax-supported
5 customers such as the California Department of
6 Corrections and Rehabilitation, Parks and Rec, and
7 CalExpo. Statewide revenues were projected at
8 \$6,000,000 annually once the CSFM was fully
9 operational, but that hasn't materialized. The
10 forecasted revenue for CSFM has not materialized
11 primarily due to reduction of the budget that led to
12 fewer construction projects and, therefore, reduced
13 opportunity for the CSFM Enterprise to generate
14 revenue, including a reduction in the demand for
15 CALPIA modular buildings. CSFM is actually the part
16 of our arm that does installation of modular
17 buildings. This has caused Folsom some CSFM to be
18 unprofitable at the gross level for the past two
19 years.

20 The CSFM at Solano has proven to be effective
21 and profitable, and this is our fatalities
22 maintenance arm. We handle facilities maintenance
23 at CSFM-Solano. The model will continue to operate,
24 and it's anticipated to expand to the new Stockton
25 Medical Facility. And we also have an additional

1 CSFM project at CMC. We are doing lead asbestos
2 abatements at Camp Roberts.

3 Given the constrictions being experienced by
4 our potential customer base for CSFM, which is
5 primarily construction support services, it is
6 unlikely to be viable in the foreseeable future, and
7 rather than use CSFM as we thought in the beginning,
8 CDCR is using more of the IWL, which is more of a
9 state employee run system with some inmates. Based
10 on a two-year trend, it appears unlikely sufficient
11 revenue can be secured to allow CSFM to operate at a
12 gross profit.

13 There are a total of 33 planned inmate
14 assignments that will be eliminated due to this
15 action. These inmates participate in or are
16 graduates of the carpenters, laborers and
17 ironworkers. Affected inmates may have an
18 opportunity to apply to for other assignments with
19 CALPIA or CDCR. There are six civil service
20 positions statewide that will be affected. One
21 currently vacant. Affected employees will go
22 through the Cal HR process and our HR process.

23 Our recommendation is similar to what Member
24 Kelly just did. We are diminishing this; we are not
25 closing this. We are just diminishing this so we

1 can do our HR process. We've got too many folks
2 there and not enough work. And we're talking it
3 down to one person in Northern California. And when
4 things do pick back up, we will be able to expand it
5 again, so it wouldn't require any hearings. But
6 diminishment does require the approval of this
7 Board.

8 CHAIR HOSHINO: Questions or comments from
9 the Board?

10 MEMBER KELLY: Member Kelly. I would like
11 to comment. Kind of going to what I said in the
12 first part. There is a lot of construction going on
13 in prisons. And, you know, not that I want to bash
14 construction services that inmate day labor does, I
15 can't believe there is no way for us to find a way
16 to get enough money to convert enough projects from
17 them to keep our program running the way it was
18 before. It just -- our program works. You all see
19 the back of the book. It works.

20 It seems to be really the only thing that
21 works, and we're just going to shut it down because
22 we can't seem to get work. It baffles me how that
23 happens that we had an opportunity to have
24 construction inmate day labor be part of this
25 program. We asked them to be in the program. They

1 went running away. You know, if it's nothing more
2 than convict labor that we are doing. You know,
3 there is no training. There is no you-have-to-have
4 a GED, you have to have a high school diploma.
5 There is nothing. And I don't understand how we can
6 let that happen.

7 I guess my comments really are to you,
8 Mr. Secretary, the new Mr. Secretary, I guess to
9 say: How do we change that? Is there some way we
10 can divert some of those projects over to our
11 program that actually does what we're supposed to be
12 doing is reducing the recidivism rate in California
13 for the taxpayers?

14 CHAIR HOSHINO: So let me give you one
15 general comment, one specific one. The first one
16 being that I don't think I am informed enough or
17 know enough about the differences between the two
18 programs. I will tell you what I do know about the
19 other program is that I don't think I agree with the
20 characterization that there aren't any standards and
21 there are aren't any results.

22 With the limited knowledge that I have about
23 that program is it similarly has results related to
24 it. I think one of the things that starts to drive
25 it is the pressures of the pace of construction. A

1 lot of this is tied to what is the CDCR blueprint in
2 going forward. There are some very tight timelines.
3 The blueprint being the architecture of how the
4 Department -- what the Department's business plan
5 will be for the next two or three years. It was
6 proposed by administration. Adopted by the
7 Legislature.

8 So this is just a general answer. There is a
9 lot of pace that is required to that. However this
10 program here fits into that program, I don't know.
11 Maybe that is an item for some discussion. But,
12 again, I think a lot of high level policy calls were
13 made in this particular area. Again, I go back to
14 my earlier comment generally about the difficulty of
15 these particular decisions. I recognize that and
16 that some of these are zero sum. And that there are
17 perceived winners and losers on these things.

18 I would just close by commending the Executive
19 Officer here for coming up with some of these
20 recommendations. It can't be easy to make, to
21 present to this Board.

22 So, now any other comments or questions from
23 Members of the Board?

24 MEMBER TRUJILLO: I have a comment,
25 Mr. Secretary. I, too, find it very disappointing

1 that we have these programs that work. And under
2 the public testimony meeting on the sixth, we had
3 member speak about inmates that had this training
4 and had later gotten release dates and had actually
5 gone to work. Not with a job, but with a career in
6 the construction industry. And it just seems odd to
7 me that a program that works so well, that the
8 Department of Corrections uses to not fund it
9 anymore.

10 So I see we do have some labor people in the
11 audience. They might like to speak to this. I
12 don't know. It's very disappointing to me all the
13 years that we've spent - and I've been on this Board
14 for a while - that these careers that it's offering
15 these inmates when they get a release date, is a
16 tremendous thing not only to the taxpayers who are
17 the public, but it's very troublesome to me when
18 we're talking about shutting a program down that
19 works so well.

20 CHAIR HOSHINO: Other comments or
21 questions, Members of the Board?

22 MEMBER MASTELLER: Member Masteller.

23 I just wanted to thank Member Kelly for the
24 direction in the last comment in the last item and
25 this one. And I also have a concern. I understand

1 that this is a proposal to diminish the construction
2 services, but I wonder what it is that we are doing
3 to market these services. It seems to me that maybe
4 some of our focus on this Board should be to
5 business aspects of what we can do to keep it going
6 and look at exploring different items and different
7 opportunities where we can create jobs, create work
8 for this particular skillset.

9 And then, secondly, I just have an
10 informational question because I don't know the
11 answer to this. With our last action item and this
12 one, we have a total of approximately a hundred
13 inmates that wouldn't be working. And I'm wondering
14 are there a hundred other jobs within PIA for them
15 to receive an education or training or opportunity
16 with? And if there is not, what is typically
17 occurring with a hundred dormant inmates?

18 MR. PATTILLO: Member Masteller, for the
19 level of security for the inmates that are involved
20 in this program we have probably an additional ten
21 that we can take on at central office, doing various
22 facilities maintenance out there. But for the
23 remaining 90 there wouldn't be anything for PIA for
24 them to do.

25 MEMBER CHAPJIAN: Member Chapjian.

1 Chuck, what is the fund balance? You say
2 70,000,000?

3 MR. PATTILLO: As of yesterday morning or
4 Wednesday morning, \$72,000,000.

5 MEMBER CHAPJIAN: I'm just wondering for
6 the Board -- maybe this is something that is
7 important that we fund for another year. We do have
8 a fund balance of 72,000,000, and then see what
9 happens. Work on it with CDCR and, you know, labor
10 folks and talk to the governor about this.

11 MR. PATTILLO: I know when you look at
12 these three items, they are so intertwined. We have
13 the modular factory which has CTE intertwined. We
14 have CSFM that has CTE. And then the next item
15 after this is really the actual funding of that CTE.
16 I think your question would more apply to the next
17 one. In this case what we're doing is just
18 diminishing. We're reducing the civil service folks
19 that are in there. Unfortunately, there are some
20 inmates that are associated with that, and on top of
21 that there is the CTE Program that is the next item.

22 MEMBER CHAPJIAN: Okay.

23 MEMBER STEEB: Before Secretary Cate left,
24 he and I discussed doing a retreat, a Board retreat.
25 Because we foresaw with Chuck's help that there was

1 going to be some serious issues going on that needed
2 more participation of the Board than we can allow in
3 these kinds of meetings.

4 So I really think after hearing Member
5 Masteller's comments and Member Kelly's comments, I
6 would like to see the Board come together in some
7 formal strategic planning process that we can really
8 deliberate on these very, very critical decisions.
9 We're not just talking about 99 inmates. We're
10 talking about families. We're talking about the
11 possibility of them and the things that they can do
12 once they are out and once they are employed, and
13 the lives they affect by doing that.

14 So I would really love to see our Board take
15 the time in January to come together and really
16 deliberate and better understand the options, better
17 understand what kind of marketing is being done,
18 what kind of other things we might be able to help
19 with before we make such difficult decisions.

20 MR. PATTILLO: Member Steeb, on this one
21 actually, and this is as good a time to pick this
22 one up as any.

23 Member Steeb and Chairman Cate had tried to
24 put together a strategic planning session, and once
25 we got rolling on the planning, then with Matt

1 checked out for his new position, we're looking at
2 right now between -- as we know, Martin, nothing
3 happens before January 10th.

4 January 10th, Mr. Davidson, is a budget
5 deadline.

6 So nothing really occurs. We're looking at
7 between January 10th and 30th to put together a
8 strategic planning session for this Board that we
9 can have more ongoing without action items to occur.
10 Ms. Steeb has graciously offered up her
11 organization's restaurant at The Depot or maybe the
12 her new one downtown I saw in the paper this
13 morning. So we can have several hours of discussion
14 regarding strategic planning over all of the
15 organization.

16 So to just divert a little bit from that. As
17 it is for this one item here, I need the Board's
18 concurrence to reduce the civil service portion of
19 this. It is not going away. There is still going
20 to be somebody there. And Mr. Kelly's point and to
21 my scars' memory, it won't require a hearing to
22 bring that back up in case we have that.

23 Mr. Kelly's point and Mr. Trujillo's point,
24 that is disappointing. There is a ton of work out
25 there, and we're not getting the work. Maybe that's

1 something with Secretary Hoshino we can work on it a
2 little more. I do understand the timelines, but
3 there is also work out there to be done. We just --
4 and I'll be very frank about it. It is probably a
5 tug and pull between that program that you
6 mentioned, Mr. Kelly, and our program and what is
7 going on out there. I think both of you have been
8 around long enough to see the difference between the
9 two programs, how they work and what the strengths
10 are and what the weaknesses are.

11 MEMBER KELLY: If I misspoke about inmate
12 day labor, actual having a program, I apologize.
13 But for years sitting on this Board I have dealt
14 with inmate day labor since June of 1988. So I know
15 a little bit about it. If I misspoke, I apologize.
16 But one thing we were always -- we had this great
17 service. We do this great thing. Everybody goes,
18 "Put up or shut up".

19 Where is the recidivism? Where is the
20 documentation? Where is the -- so we had to stop
21 what we were doing and come up with these programs.
22 Pay all the money to do it all. And now you see
23 what it says in the back of the book. We actually
24 have a great effect. So if construction services is
25 doing something like that, I sure would like to see

1 it on paper. I haven't seen it, like I said, since
2 June of '88.

3 MEMBER CHAPJIAN: This is Member Chapjian.
4 I have to leave for a meeting, so I have to excuse
5 myself.

6 CHAIR HOSHINO: Thank you, Member Chapjian.

7 Let the record reflect that Member Chapjian
8 has left the meeting.

9 My comment would be: I like this idea if
10 there is a way to do some strategic planning or some
11 caucusing on these larger subjects. I can see today
12 it is difficult to make some decisions that feel
13 like one-off decisions when there is a larger,
14 broader discussion to have about where we are and
15 where we're headed. This is not unlike the
16 assessment that every organization has been going
17 through, again, as we go through the population drop
18 and the change in the transformation of the system.

19 Let me reiterate the point. I think it is
20 entirely appropriate. You just simply do not have a
21 population that you had before, not just in terms of
22 raw numbers. Again, we're 45,000 or so less than we
23 were before, and that happened over the course of
24 three years. But nothing more traumatic than what
25 happened in the span of a less than a year from the

1 October start date of realignment. And so there has
2 been some recobbling together, and it's an entirely
3 new and different inmate population profile. And
4 there is a classification system that is being
5 approved and revisited in the system.

6 In short order, the entire correctional system
7 in terms of its population has been renormed and
8 reset. It's entirely appropriate, I think, to talk
9 about what then is the future for the Prison
10 Industry Authority and the things that we know about
11 and draw on all the traditions and things that we do
12 know that work. Sounds like we are positioned. We
13 have a lot of history here which will be terrific to
14 be used in that vein.

15 However, I do also recognize, being from
16 operations and having to manage programs, that the
17 Executive Director does need some authority to at
18 least move forward on some things, given the pace of
19 it. And I think what I hear from Mr. Pattillo is,
20 if there is a one-off kind of decision to make that
21 still preserves our ability to maneuver in the
22 future, no matter what comes out of the strategic
23 planning efforts on this particular item, this would
24 be one.

25 So hearing that, saying that, I will seek the

1 motion from a Member of the Board to proceed as
2 recommended on this particular item.

3 MEMBER TRUJILLO: Mr. Chairman, before we
4 proceed, is there a way of tabling this thing for
5 late before taking a vote?

6 CHAIR HOSHINO: We can do that, but it
7 puts, I think, pressure on the Executive Director
8 here because of the calculations he's making in
9 terms of savings and viability; that with every
10 month of delay that means maybe there is other
11 harder decisions to be made later.

12 So I just would put that in front of Board
13 Members. I have been in the discussions before.
14 The problems you're solving in June of the fiscal
15 year is one thing. If you haven't solved it and
16 you're going into December, January, February,
17 March, the impact of that decision grows
18 exponentially in terms of the pressure on it. It is
19 one thing to ask for a million dollars in June. If
20 you don't make that hard decision in June, you're
21 looking for \$7,0000,000 when you get to January or
22 February. That's the best way I can describe it for
23 members.

24 MR. PATTILLO: This is actually -- this is
25 one of those ones that is separate from CTE. CTE

1 underlines it. What I'm looking for is just really
2 the authority to do my moves on civil service
3 employment. The next item is actually the CTE item
4 that you called me about that I think that I
5 envision you asking me to table the next item.

6 MEMBER TRUJILLO: I plan on doing that,
7 also.

8 MEMBER MASTELLAR: Yes.

9 CHAIR HOSHINO: Testimony from public on
10 this item?

11 Seeing none, one last call. Member comments?
12 Mr. Saito?

13 MEMBER SAITO: No.

14 CHAIR HOSHINO: A motion in support of the
15 recommendation.

16 MEMBER SAITO: I move approval.

17 MEMBER MASTELLAR: I second. Member
18 Masteller.

19 CHAIR HOSHINO: Masteller seconds. Please
20 call the roll.

21 MS. GUARE: Chair Hoshino.

22 CHAIR HOSHINO: Aye.

23 MS. GUARE: Member Almanza.

24 MEMBER ALMANZA: Aye.

25 MS. GUARE: Member Chapjian. He's gone.

1 MS. GUARE: Member Davidson.
2 MEMBER DAVIDSON: Aye.
3 MS. GUARE: Member Kelly.
4 MEMBER KELLY: Aye.
5 MS. GUARE: Member Masteller.
6 MEMBER MASTELLAR: Aye.
7 MS. GUARE: Member Saito.
8 MEMBER SAITO: Aye.
9 MS. GUARE: Member Singh.
10 MEMBER SINGH: Aye.
11 MS. GUARE: Member Steeb.
12 MEMBER STEEB: Aye.
13 MS. GUARE: Member Trujillo.
14 MEMBER TRUJILLO: Aye.
15 CHAIR HOSHINO: Motion carries.

16 Thank you, Members.

17 Next item.

18 MR. PATTILLO: Members, before you all ask
19 for this next item to be tabled, if you would allow
20 me to -- let me present it.

21 MEMBER TRUJILLO: Absolutely.

22 MR. PATTILLO: Item No. 4 is diminishment
23 of Career Technical Education Programs statewide.

24 CALPIA proposes to diminish its remaining five
25 Career Technical Education Programs operating at

1 three separate correctional institutions due to our
2 inability to self-fund the programs. Right now
3 we're running five. We were up to eight when we
4 were under contract, and those other ones were at
5 CCWF, CIM, and we had both FSP and New Folsom. Five
6 programs are carpentry at Folsom State Prison,
7 California Institution for Women, construction labor
8 at FSP, ironworking at FSP, and the Marine
9 Technology Training Center at the California
10 Institution for Men. The three programs at Folsom
11 were actually slated to switch over to women's
12 programs in December, depending on whether or not,
13 or when the New Folsom women's program comes up.

14 Mr. Kelly, I saw your eyebrows rise up. I
15 know that when I was at your office the other day I
16 noticed the big sign on the wall, was send us your
17 women. The CALPIA CTE Program --

18 MEMBER KELLY: I didn't write that.

19 MR. PATTILLO: I know what it meant.

20 The CALPIA CTE Program, established in 2006,
21 was the first of its kind in the nation to partner
22 an offender rehabilitation program with trade unions
23 to serve the rehabilitative needs of offenders.
24 It's now been replicated throughout the United
25 States. We were the first.

1 The CTE program provides a well-trained labor
2 force for respective trades in which certification
3 was received. The primary concept for CTE was the
4 construction trade. Each of the program's success
5 was enhanced with the ability to partner with union
6 and non-union companies to employ the trained
7 offenders upon parole. The overall recidivism rate
8 for this program for the recorded Fiscal Years '08
9 through '011 is 7.13 percent.

10 The first CTE Program consisted of a carpentry
11 training program at Camp 12. I think most of you
12 have been up to our Camp 12. It's at the top of the
13 hill overlooking the lake. That used to be a -
14 trying to think of the word - a condemned facility
15 full of bullet holes. Now it is a regional training
16 center and an engineering center that we brought
17 back to life. It is the greatest example of
18 bringing a state facility back to life using inmate
19 workforce. Otherwise that facility would never have
20 been done, and every one of those guys went out and
21 got a job.

22 The program included a training agreement
23 between the Northern California Carpenters, which
24 was our first. And CALPIA had to train 40 inmates
25 in basic carpentry skills that would enable them to

1 join the Carpenters Union as pre-apprentices or any
2 other construction company. The program has been
3 hugely successful and expanded to include the
4 Laborer's Union at CSP-Sacramento and MTTC at CIM.
5 The three programs were funded by CALPIA and
6 recorded a recidivism rate of 10 percent. That was
7 construction.

8 In 2007, we entered into a three-year \$9.258
9 million contract with the California Department of
10 Corrections and Rehabilitation to fund the three
11 existing CTE Programs by expanding to eight, by
12 adding programs at CIW, which is our women's
13 carpentry program; CCWF, the California Women's
14 Facility at Chowchilla, carpentry; and three
15 programs at FSP - carpentry, labor construction, and
16 we brought on the ironworkers with the help of Mr.
17 Trujillo. The three programs at FSP were operated
18 within the CALPIA Modular Building Enterprise.

19 Program participants engage in projects that
20 renovated existing usable -- previously existing and
21 unusable buildings in correctional institutions, but
22 also participated in the installation of various
23 modular buildings fabricated by PIA, and the
24 maintenance of other state assets such as state
25 parks, CalExpo and State Fair, water storage

1 facilities as well as local government facilities.

2 From the CTE report you can see the projects
3 saved the state millions, and the savings were
4 amplified because the participating employers were
5 -- the participants were employed upon parole, and
6 most of them never come back.

7 The CTE Program was also used to renovate and
8 repurpose the aforementioned CDCR vocational dive
9 program at CIM which was closed in 2003 and is
10 currently operated by CALPIA as the Leonard
11 Greenstone Marine Technology Training Center, and
12 trains commercial divers and welders who parole to
13 high paying jobs in the commercial diving industry.
14 The program boasts the lowest recidivism rate of any
15 CTE Program in CALPIA as well as any program in the
16 United States.

17 Due to budget constraints a couple years ago,
18 CDCR's contractual agreement to support the CTE
19 Program was reduced by half after the second year or
20 third year of the contract. And then the
21 contribution was further reduced to \$800,000 after
22 the third year. We partially funded the program in
23 '11-12, and now we are solely funding a much reduced
24 CTE Program in '12-13.

25 Our funding restrictions -- this is one of

1 those ones, this is a non-statutory funding issue,
2 and that is why we are recommending it for
3 reduction. Given the current budget constrictions,
4 CALPIA can no longer solely support this program.
5 The current annual plan was approved by the PIB for
6 a million-57. And the proposed diminishment of the
7 CTE Program would have a positive financial impact
8 on CALPIA, as this would be a reduction in
9 administrative expenses that are not related to our
10 cost of goods sold. The diminishment would increase
11 general fund costs to the CDCR as the inmates
12 trained in this program have a remarkably lower
13 recidivism rate than the general population, and a
14 diminishment of the program would result in the
15 increase in incarceration rates.

16 There will also be a loss in general fund
17 savings as a majority of these inmates are used to
18 perform deferred maintenance activities, whether it
19 be in CDCR, CalExpo, state parks, which will now
20 continue to be deferred or accomplished using
21 contractors or civil service employees at a much
22 higher cost. As I stated, recidivism savings from
23 this program will be lost.

24 Statewide, there is a total of 150 inmate
25 assignments that will be eliminated. The

1 assignments represent the number of positions
2 budgeted for this program. We have 40 inmates that
3 are at the dive facility; 20 that are working in the
4 ironworkers program, 30 in carpentry, 30 in
5 laborers. Those 30 were at FSP, Folsom State
6 Prison; and 30 at the CIW carpentry program,
7 California Institution for Women. Affected inmates
8 workers may have the opportunity to apply for other
9 assignments within CALPIA or CDCR. I tell you the
10 only inmates position that would be eliminated --
11 the only place they would have ability for other PIA
12 jobs would be at CIM in the laundry or CIW in the
13 fabric factory. So their only ability would be
14 going from a very technical skill to a very low
15 technical skill job.

16 The calculations, and it was in your action
17 item, are approximately 150 inmates are served by
18 this proven program. And given the low recidivism
19 rate, the 7.13 percent, compared to the recidivism
20 rate that was just issued for the general population
21 of 63.7, is estimated that this program saves the
22 general fund at least \$3.8 million a year, and
23 that's in perpetuity per year in reduced recidivism,
24 which is at least 2.8 million more than the cost of
25 the program.

1 There is one civil service position that will
2 be affected by this. We run this program completely
3 without civil service employees, and I think that
4 that's kind of been the rub with this thing. We do
5 it entirely on a contract basis, using folks that
6 actually work out in the field. We don't hire the
7 actual trainer. We go through the apprenticeship
8 councils or, in the case of the dive program, we
9 found two guys that were long-term divers. One is a
10 reserve commander of the Navy's sub recovery unit
11 that does this training down at CIM. So we've
12 obviously got qualified folks doing this.

13 The one affected employee will undergo
14 processing in accordance with the HR processes, and
15 I think we can place her very easily. The CTE
16 Program's expense beyond the one civil service
17 position is in contracts with associated trainers
18 and apprenticeship programs for instructor services.
19 There are four contracts total, for \$999,000.
20 That's basically what it's costing us, a total of a
21 million-57 with the one state employee, \$999,000 in
22 contract costs.

23 CHAIR HOSHINO: Comments, questions,
24 Members of the Board?

25 I should say new comments and questions from

1 Members of the Board. I think we know where we are.

2 Members of the public. There are two names
3 submitted that would like to address this item. The
4 first being Roy Borgersen.

5 MR. BORGENSEN: My name is Roy Borgersen.
6 I am an instructor at Folsom Prison Camp 12. And
7 all I can tell you is that this program that you
8 have -- thank you very much, Mr. Kelly, down there
9 for putting this on the right track. This program
10 here saves a lot, a lot of lives.

11 Personally being a YA member in 1967 to 1971,
12 they didn't have anything like that when I was doing
13 time. I was lucky my father was a concrete
14 contractor, so every time I got out I had a job. I
15 remember we used to ask each other, "What are you
16 going to do when you get out?" Nobody knew what
17 they were going to do.

18 This program gives them an opportunity to do
19 something. My union - I work with Terry Shupe, the
20 carpenter. He wasn't able to make it today. We
21 have a good program up there. It's not like IDL.
22 You know they are given so much money to max out the
23 work. They have to earn their raises. The way they
24 earn their raises is they have to complete classes.
25 And they have to get accredited with their safety.

1 They have to work as a team. Nothing is given to
2 them up there. We weed them out. We work them
3 hard. My union, the Laborer's Union, don't want any
4 bums. This program up here saves lives. On the
5 graduation we have mothers and wives always asking
6 me, "Is my son going to make it?"

7 I go, "Yeah. He'll make it if he just keeps
8 going forward." What gets them is when he gets off
9 that bus and gets a bottle of beer, and they go
10 right back where they came from. This program that
11 we have prevents them from becoming a Level 2, Level
12 3, Level 4. Whether we like it or not, they're
13 going to be walking our streets. We're giving them
14 the tools they will need to go to the union where my
15 union will do everything it can to place them for
16 work.

17 It is a beautiful program. It really works.
18 We had a guy at Folsom Dam that was drilling in
19 dynamite. He was one of our guys. How he slipped
20 through and got that job, I don't know. His life
21 has gotten completely 100 percent. And this is the
22 opportunity that the union gives them. They get out
23 there and they're working. A lot of them are
24 learning work. A lot of them -- one guy calls us
25 all the time. He bought a house. And if it wasn't

1 for this program giving the chance to do something
2 different with new tools, you know. It's a
3 blessing.

4 Whatever you do, don't eliminate this program.
5 'Cause, personally speaking, I walk in these guys'
6 shoes. This is the best thing going. For me, when
7 I got out in 1971, I never went back. I'm a
8 concrete contractor, and I'm ready to retire from
9 the union. I mean, I could go to the union hall and
10 wear a fancy a shirt and everything else, but I
11 prefer working with these guys and seeing miracles
12 happen and occasionally breathing a little tear gas
13 which only gives me a little reminder why I don't
14 want to come back.

15 Thank you very much.

16 CHAIR HOSINO: Thank you, Mr. Borgersen.

17 CHAIR HOSINO: Next member of the public
18 is Leonard Gonzales.

19 MR. GONZALES: Thank you, Mr. Chairman,
20 Members of the Board. My name is Leonard Gonzales.
21 I'm the Executive Director for the Laborer's
22 Training and Retraining Trust Fund for Northern
23 California.

24 Thank you, Roy. Great job.

25 Roy is one of our instructors with this

1 program as well as Pete. And we're here to speak on
2 behalf of the program and the success of this
3 particular program.

4 First, I want to throw out some statistics as
5 it relates to the Laborer's and those individuals
6 that go through the program and become indentured.

7 Our involvement began in 2008. From 2008 to
8 current time we have trained approximately 125
9 individuals, specifically in the laborers program.
10 Of the 125, we've taken in 42 individuals that have
11 transferred. That is about 30 percent, if I did my
12 math right. Thirty percent that come into the
13 program indentured that actually work. I know this
14 because in order for them to advance to a journeyman
15 we pull the data on these individuals. They
16 journeyed out.

17 In the years -- our program is 3,600 hours,
18 which is about two years from apprenticeship
19 program. Of the 42 that we took in, 24 came out in
20 the years 2008 and 2009. Use those numbers because
21 that's about the time, right around last year,
22 2010-11 that they should have started journeying
23 out. Of the 42, 24 came in during 2008-2009, 24.
24 Eight of those journeyed out. That is 57 percent of
25 the 42 that were still in the program and 33

1 percent, eight individuals, that journeyed out and
2 are still working. These individuals come out, once
3 they put in 400 hours, they get the full benefits
4 for themselves and their family members. Once they
5 hit 1,201 hours they become eligible for the pension
6 annuity contribution as well.

7 So as Member Trujillo and Member Kelly
8 mentioned, these aren't just jobs. These are
9 careers in the trade, in organized labor. That is
10 something for us that, in our particular union - I
11 can't speak on behalf of the other crafts - we see
12 this as a value of developing a good quality
13 workforce. Our local business manager, Doyle
14 Radford, Local 185 -- 18 individuals have actually
15 become indentured in 185.

16 This is a great program. Our business manager
17 for Northern California District Council, Oscar De
18 La Torre is another huge advocate for this program.
19 This actually caused us to look elsewhere, to look
20 at other programs similar to these that's providing
21 a service to community members. What we find is
22 even in the community the success rate that you're
23 seeing with your program, some of these programs in
24 the community where these individuals are not
25 incarcerated, they may have an offense that comes

1 across the juvenile justice or the justice system
2 itself, are not putting out a success rate or
3 completion rate, the wage gain, the unemployment
4 rate that this particular program is doing.

5 For us -- prior to coming over to the
6 Laborer's, I spent a lot of time on workforce
7 development. I've applied to the Department of
8 Labor for youth offender grants. In 2008, when the
9 Department of Labor put out a youth offenders grant,
10 in the back in the index it references, it
11 specifically said build a model like CALPIA.
12 [Unintelligible] sees these program as a model.
13 They put out about, I think that particular year,
14 they put out about \$20,000,000 to fund five
15 programs. I was fortunate. We were funded in
16 Fresno, with Fresno Career Development Institute,
17 along with Hinkly Employment [phonetic] at that time
18 was who I was employed with. We had a real tough
19 time getting that program off the ground, and the
20 success was nowhere near this particular program.

21 I think to take from this is we at the union as
22 a craft, when we're taking individuals and
23 indenturing them as apprentices, there are
24 collective bargaining agreements. They have
25 associations that we are affiliated with. We are

1 sending these individual out with confidence,
2 knowing they are a good workforce. They're trained
3 at a high level and even the union, our
4 organization, is willing to take that risk and
5 believe in the individual and hope the
6 administration and Department will do the same.

7 Thank you for your time this morning.

8 CHAIR HOSHINO: Thank you, Mr. Gonzales.

9 Members, on this item, again, I think I
10 mentioned that this is day four for me. In that
11 short amount of time in this roll here is an item
12 that has come to me, not just in terms of, I would
13 say, volume of discussion from a number of folks,
14 but the intensity of discussion. And so it leads me
15 to a place where I would recommend to the Board
16 myself that we modify our actions in this particular
17 area. I would like the opportunity, if you would
18 indulge me, to work with the Executive Director as
19 well as the over team members and partners in the
20 Department of Corrections and Rehabilitation to see
21 if we can't find solutions related to this
22 particular issue. No commitment or guarantee that
23 that is possible, but at least a commitment to make
24 an effort to do this.

25 So my recommendation and what I would seek is

1 a motion from a Member that would modify this item
2 to deferring the decision on the diminishment of the
3 Career Technical Education Program at this time.

4 MEMBER TRUJILLO: I would make that motion.

5 MEMBER SINGH: I second that.

6 CHAIR HOSHINO: Please call the roll.

7 MS. GUARE: Chair Hoshino.

8 CHAIR HOSHINO: Yes.

9 MS. GUARE: Member Almanza.

10 MEMBER ALMANZA: Yes.

11 MS. GUARE: Member Davidson.

12 MEMBER DAVIDSON: Aye.

13 MS. GUARE: Member Kelly.

14 MEMBER KELLY: Yes.

15 MS. GUARE: Member Masteller.

16 CHAIR HOSHINO: The light is out.

17 MS. GUARE: Member Saito.

18 MEMBER SAITO: Aye.

19 MS. GUARE: Member Singh.

20 MEMBER SINGH: Aye, yes.

21 MS. GUARE: Member Steeb.

22 MEMBER STEEB: Aye.

23 MS. GUARE: Member Trujillo.

24 MEMBER TRUJILLO: Aye.

25 MS. GUARE: Thank you.

1 CHAIR HOSHINO: Motion carries.

2 The record should reflect that due to
3 technical difficulties we have lost Member
4 Masteller. We will attempt to get her back on
5 line.

6 MR. PATTILLO: Just for clarification. We
7 are talking about several programs, and just -- I
8 think several of the Board Members are aware of
9 this. The difference between what we do as CTE, the
10 CTE Program, and the difference between IWL, which
11 was IDL, IWL now, and vocational education, vocation
12 education is classroom training program that doesn't
13 necessarily go out and do actual construction. IWL
14 does actual construction. We are the only ones that
15 meld those two together. We actually have a
16 classroom portion and a construction portion. What
17 it also allows is they become pre-apprentices when
18 they leave us versus the programs. That is the only
19 ones that the trade unions have signed off on, the
20 pre-apprentices.

21 CHAIR HOSHINO: Thank you for the
22 clarification.

23 MR. PATTILLO: I'll have Mr. Sly come up
24 and present the next item.

25 CHAIR HOSHINO: Item E on the agenda is no

1 longer on the agenda.

2 Mr. Sly, are you here for approval of Item F?

3 MR. SLY: Yes.

4 CHAIR HOSHINO: Approval of substantive
5 changes to CALPIA Title 15.

6 MR. SLY: Members and Chair, Jeff Sly,
7 general counsel for PIA. This Item F comes to you
8 today for approval of substantive changes to some
9 regulations that this Board previously proposed in
10 April of this year.

11 Basically, the way the regulatory process
12 works is we bring proposed regulations to the Board.
13 You guys approve them. We then post them on a
14 45-day public notice period. We accept comments
15 from the general public with regards to the
16 regulations. Every once in a while we get
17 suggestions that come back that cause us to take a
18 look at what we wrote. We will make changes. This
19 Board had previously given the Executive Officer,
20 Mr. Pattillo, the authority to approve
21 non-substantive changes so we could take those
22 regulations and go ahead and shoot them over to OAL
23 and finish out the process and have them approved
24 and go directly into effect.

25 In this particular circumstance, we received a

1 few changes that once made were really substantive.
2 If you look at your Exhibit F1, which is the actual
3 regulatory language. All the changes that we have
4 are written in bold and double underlined.

5 To point out just a couple of them, on Page 3,
6 the definition of escape was expanded by the
7 recommendation of some folks in the custody area
8 oversee CDCR.

9 Also, on Page 4, a reference to Close B
10 custody designation for inmates. We inadvertently
11 left out Subdivision (5), which references female
12 inmates, since female inmates work at PIA, we wanted
13 to add that in to make that apply to both male and
14 female inmates. Those two came at suggestions from
15 the public.

16 On Page 8, OAL asked us to include a reference
17 inclusion by reference to a CDC Form 101 that is
18 used with regards to classification and things with
19 its inmates. And, also, OAL changed the requirement
20 with regards to economic impact analysis statement.
21 PIA wasn't previously required to submit those
22 because we are not a general fund appropriated
23 agency. They are going through a number of changes
24 currently. One of them was they want those forms
25 from all agencies, even non-appropriated agencies.

1 Those were deemed to be substantive changes.

2 There are some other changes throughout the
3 proposed regs that are basically clerical in nature
4 or considered non-substantive. But, essentially,
5 what OAL is asking us to do since we've picked up
6 some of these in the initial 45-day review process.
7 Once we made those changes, we reposted them for a
8 subsequent 15-day notice period.

9 So we've gone through all requirements that
10 OAL has asked us to do with all the changes from
11 both the public and OAL. We are now asking for you
12 guys to approve those substantive changes so we can
13 resubmit these regs to OAL for final approval and
14 adoption.

15 CHAIR HOSHINO: Questions, comments from
16 Members of the Board?

17 I have one. Again, because of the interplay
18 of the various organizations, I think you mentioned
19 that you had discussions or there was some review by
20 adult institutions?

21 MR. SLY: Yes. Every time we post these,
22 we always send notice to them. In fact, in the
23 initial drafting of these regulations we cited from
24 them as well.

25 CHAIR HOSHINO: Fantastic. I am looking to

1 avoid the after-the-fact experience for a board when
2 it moves a regulatory package. Another significant
3 player shows up feeling like they didn't have the
4 level of input or back-and-forth on it.

5 MR. SLY: The initial drafting was staged
6 for these particular regulations took over 13
7 months. Part of that was going back and forth with
8 the Department.

9 CHAIR HOSHINO: That is what I need to
10 know, that the 13 months you went through the
11 factory on it. Okay.

12 Any other comments, questions?

13 Motion is to adopt?

14 MR. SLY: Yes.

15 MEMBER SAITO: Move to approve.

16 MEMBER SINGH: Second.

17 CHAIR HOSHINO: Call the roll, please.

18 Still have a quorum?

19 MS. GUARE: Yes, we do. Thank you.

20 Chair Hoshino.

21 CHAIR HOSHINO: Yes.

22 MS. GUARE: Member Almanza.

23 MEMBER ALMANZA: Yes.

24 MS. GUARE: Member Davidson.

25 MEMBER DAVIDSON: Yes.

1 MS. GUARE: Member Kelly.

2 MEMBER KELLY: Yes.

3 MS. GUARE: Nothing from Member Masteller
4 yet.

5 Member Saito.

6 MEMBER SAITO: Yes.

7 MS. GUARE: Member Singh.

8 MEMBER SINGH: Yes.

9 MS. GUARE: Member Steeb.

10 MEMBER STEEB: Yes.

11 MS. GUARE: Member Trujillo.

12 MEMBER TRUJILLO: Yes.

13 CHAIR HOSHINO: That concludes the action
14 items on the agenda for today. The time is 12:00.
15 Mr. Walker will present the information items.

16 But I don't want to put pressure on you,
17 Mr. Walker. I do need to leave by 12:30, and we
18 have the balance of the agenda remaining.

19 Member Masteller, have you returned?

20 MEMBER MASTELLAR: Yes.

21 CHAIR HOSINO: Let the record reflect that
22 Member Masteller has returned via teleconference to
23 the public meeting. And the record should also
24 reflect that it wasn't a technical error. It is a
25 user error in that your brand new Acting Chairperson

1 for the Board is the one who kicked a cord that
2 disconnected the telephone. I'm sure that the
3 elegant and graceful Secretary Cate would have never
4 made such a mistake. So I think in advance, back to
5 my earlier comments in thanking the board for its
6 indulgence and patience for its newest Member.

7 Mr. Walker.

8 MR. WALKER: I am Scott Walker, Assistant
9 General Manager of operations.

10 If you turn to Tab G in your book, you will
11 see two pie charts. This is the third quarter of
12 last Fiscal Year and the fourth quarter. Two things
13 that I would bring to your attention are in the
14 fourth quarter -- and one is usually expected which
15 is industry related lost hours which increased
16 significantly. That's due to our annual fiscal
17 inventory that we do at yearend. That was pretty
18 much expected.

19 The other one that wasn't so much expected is
20 increase in vacant hours. As Mr. Pattillo mentioned
21 earlier, the fourth quarter cancellation of CPP
22 orders by CDCR drove a lot of things in the
23 organization in that fourth quarter. One of them
24 was us holding positions vacant because we just
25 didn't have the work to do. Although we kept

1 producing at a certain level, we certainly didn't
2 produce at a level we normally do, and that drove up
3 significantly the vacant lost hours in the fourth
4 quarter.

5 Any questions or further comments you need by
6 me?

7 That was significant things.

8 So in the interest of time, if you could turn
9 to Tab H. What this shows is our accreditations for
10 in the last fiscal year, including the fourth
11 quarter. As you can see, in the first one there is
12 certificates of proficiency nominations. We did
13 about 1,147 last year, which was up from the year
14 before. We are making progress in this area. This
15 is one the areas you will see in the first quarter
16 of this year when we get to that where we still have
17 a considerable challenge.

18 One of the things we're doing there is - I
19 spoke to the Board before - we are formalizing those
20 certifications. Before it was kind of time and
21 place. If you had 1,500 hours in a job, you got a
22 certification. What we are doing now is time to
23 match an SOC code and the inmates have to actually
24 pass a written skills and a practical skills test to
25 get the certification and also to move to the next

1 pay number. So we're taking this and really moving
2 towards the CTE model as Mr. Borgersen spoke to in
3 his testimony. We are not only having them work in
4 the job, but we are making them prove their skills,
5 knowledge and experience before we move them on.

6 The next tab shows the external certifications.
7 This one is also of critical importance to CALPIA.
8 If you look at these in general, the inmates that
9 have achieved these certifications, their recidivism
10 rate is greatly reduced even from the normal inmates
11 in the program. We continue to expand on this
12 notion.

13 And, Board Member Steeb, your GED report will
14 be here in December. There was some issues with
15 reporting on that or trying to clean that up because
16 some of them we're doing and some CDCR is doing. I
17 haven't forgot that. It will be in the December
18 package.

19 MR. PATTILLO: Ours won't look as good as
20 yours.

21 MR. WALKER: The next sheet shows the
22 closed accredited certifications, 1,697 of them last
23 year. So we continue to make progress there. Not
24 as much as we'd like, but it's moving forward.

25 The last one is a line chart that shows

1 nominations and enclosure. You can see it's
2 increased dramatically to where we want it to be.
3 We got the reporting issues pretty much straightened
4 out, so we're headed in the right direction.

5 Any questions?

6 Turn to Tab I. What you will see here is the
7 fourth quarter and the first quarter comparison.
8 What generally happens, fourth quarter usually goes
9 up in industry-related, like we talked about,
10 because of the annual fiscal inventory. So vacant
11 hours are up as we talked about before because of
12 the fourth quarter CPP orders, the main driver in
13 that. One of the troubling things is that's now
14 carried over to the first quarter. The main reason
15 for that, not to bring fourth quarter cancellation
16 into more focus than it already is, but there was a
17 lot of product that was already done. So we didn't
18 need to bring the inmates back into the operation
19 because the product was there and available to ship.
20 So that fourth quarter cancellation not only
21 impacted the fourth, it's now impacting the first
22 quarter.

23 We hope to be -- we will be through that in
24 the second quarter. When we report back, we will be
25 significantly improved. But that unexpected change

1 in our workload really has a ripple effect to the
2 organization. It just doesn't turn around
3 overnight. It is about a six-month impact on us
4 getting through this thing.

5 Any questions on those issues?

6 If you go to the last page, Page 8, in that you
7 will see inmate assignments by month. What you can
8 see is something we don't like to see which is a
9 gradual decline. We have to -- part of this is, in
10 fact, due to, again, the fourth quarter
11 cancellation. This is through June. We just didn't
12 need as many inmates as we normally need. So it
13 went down. That number will be coming back up, not
14 to where we'd like it, but it will be coming back up
15 in the next report.

16 Any questions?

17 If you go to Tab J, you will see the first
18 quarter for efficiency certifications. You can see
19 they are down there a little bit. Part of that is
20 our struggle in the professionalizing of this thing.
21 We are still struggling a little bit to get that out
22 to everybody and get them familiar with it and get
23 them into that process where instead of time and
24 grade, it is showing us that you know what you are
25 doing. That will be get better, but right now it is

1 a bit of a struggle.

2 The next one shows the external
3 certifications. We are doing pretty good there. We
4 have 544 enrollments in the first quarter. That is
5 a pretty good number. The closed accreditations we
6 had 684 in the first quarter. We're going in the
7 right direction there as well.

8 And I'll be glad to answer any questions.

9 CHAIR HOSHINO: Members?

10 MEMBER MASTELLAR: Member Masteller. I'd
11 just like to know what happened while we were shut
12 off from you with the action item on D, CTE.

13 CHAIR HOSHINO: Item D, the motion we made,
14 the short version, Member Masteller, was to defer
15 the decision on this particular subject. I made a
16 commitment in the interim to work with Executive
17 Director Pattillo and other members of the
18 Department to see if we can't explore solutions and
19 options in that period of time for which we defer
20 the decision.

21 MEMBER MASTELLAR: Thank you.

22 CHAIR HOSHINO: There was a vote taken.
23 The vote and motion did carry.

24 Would you want to add your name to that role?

25 MEMBER MASTELLAR: No. That's okay.

1 CHAIR HOSHINO: Thank you.

2 That concludes the informational items. We
3 are now on to a report from Mr. Reslock on external
4 affairs and legislation.

5 MEMBER TRUJILLO: Thank you, Mr. Walker.
6 That was a nice report.

7 MR. WALKER: Thank you.

8 MR. RESLOCK: Good afternoon, Mr. Chair and
9 Members. I am Eric Reslock, external affairs. I
10 have a few items for you today. Most of it good.

11 First of all, I want to talk about the
12 Sacramento Business Journal story that was published
13 last Friday. And for the benefit of the Chairman, I
14 will just briefly summarize it. There is one
15 coalition of small businesses called The Coalition
16 of Small and Disabled Businesses. They have a
17 complaint that they found a sympathetic ear with one
18 of the reporters at the Business Journal. Basically
19 alleging that CALPIA's food business is harming
20 their business and resulting in layoffs.

21 We are very disappointed that they even did
22 the story. We have a relationship with the
23 reporter, and we provided them with some information
24 basically showing that the charges were just simply
25 false. But even though she said she agonized about

1 it, she ended up publishing the story. Member
2 Woodford asked if we were going to respond.

3 I want to report to the Board that yesterday
4 evening I submitted a 750-word op-ed to the Business
5 Journal, basically pointing out two things. That
6 the biggest impact to these small businesses are,
7 one, the reduction of prisoners and the second is
8 that other small businesses have increased their
9 sales. So, basically, CALPIA has no impact
10 whatsoever on this coalition, and we offered as
11 evidence both what the Legislative Analyst's Office
12 had said and the governor's office. Hope to see
13 that story in the current issue of the Business
14 Journal.

15 On the positive side, yesterday we hosted a
16 crew from CBS Channel 2 or 3 from L.A. They came
17 out to our braille enterprise at Folsom Prison.
18 And, basically, they are going to do a story
19 connecting our braille enterprise with the use of
20 the braille products by public school students in
21 the L.A. area. That is going to be a terrific
22 story. It's for sweeps down in Los Angeles. We
23 expect to see that Wednesday on CBS Los Angeles.

24 Commenting on a point that was raised earlier.
25 We are working on a marketing video for the modular

1 products, and we hope to see that in the next couple
2 weeks to assist with that.

3 And, finally, we're working on two Southern
4 California CTE graduations in January. We have not
5 finalized the dates yet, but we will inform the
6 Board when we do so.

7 Thank you.

8 CHAIR HOSHINO: Thank you, Mr. Reslock.

9 Questions or comments from the Board Members?

10 Thank you.

11 So turning to the public comment portion of
12 the agenda. This is the portion of the meeting
13 reserved for comments from the public for items that
14 are not on this agenda. Under the Bagley-Keene Act,
15 the Board cannot act on items raised during public
16 comment, but may respond briefly to statements made
17 or questions posed, request clarification or refer
18 the items to staff.

19 Is there anyone from the public who would like
20 to make a comment or address the Board?

21 Hearing and seeing none, we will move to
22 adjournment. I want to thank you, the Members, for
23 their courtesy and patience and making me feel
24 welcome today.

25 Is there a motion to adjourn the meeting in

1 recognition and memory of the life-long service of
2 Leonard Greenstone.

3 MEMBER SINGH: I move that.

4 CHAIR HOSHINO: Is there a second?

5 MEMBER STEEB: Second.

6 CHAIR HOSHINO: Please call the roll.

7 MS. GUARE: Chair Hoshino.

8 CHAIR HOSHINO: Aye.

9 MS. GUARE: Member Almanza.

10 MEMBER ALMANZA: Aye.

11 MS. GUARE: Member Davidson.

12 MEMBER DAVIDSON: Aye.

13 MS. GUARE: Member Kelly.

14 MEMBER KELLY: Yes.

15 MS. GUARE: Member Masteller.

16 MEMBER MASTELLAR: Aye.

17 MS. GUARE: Member Saito.

18 MEMBER SAITO: Aye.

19 MS. GUARE: Member Steeb.

20 MEMBER STEEB: Yes.

21 MS. GUARE: Member Singh.

22 MEMBER SINGH: Yes.

23 MS. GUARE: Member Trujillo.

24 MEMBER TRUJILLO: Yes.

25 CHAIR HOSHINO: The meeting is adjourned at

1 approximately 12:14.

2 Thank you very much.

3 (Hearing concluded at 12:14 p.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 93 herein constitute a complete, true and correct record of the proceedings.

IN WITNESS WHEREOF, I have subscribed this certificate at Sacramento, California, on this 21st day of December, 2012.

/s/ Esther F. Schwartz

ESTHER F. SCHWARTZ
CSR NO. 1564