

STATE OF CALIFORNIA

DEPARTMENT OF CORRECTIONS AND REHABILITATION

PRISON INDUSTRY BOARD

PUBLIC MEETING

THURSDAY, DECEMBER 17, 2015

CALIFORNIA PRISON INDUSTRY AUTHORITY

CONFERENCE CENTER

2125 19TH STREET

SACRAMENTO, CALIFORNIA

REPORTED BY:

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CSR NO. 1564

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ATTENDEES

BOARD MEMBERS:

- JEFFREY A. BEARD, CHAIR
- DARSHAN SINGH, VICE CHAIR
- ERIC ALEGRIA
- WILLIAM DAVIDSON
- DAWN DAVISON
- FELIPE MARTIN
- BRUCE SAITO
- MICHELE STEEB
- RAY TRUJILLO

STAFF:

- CHARLES L. PATTILLO, EXECUTIVE OFFICER
- SCOTT WALKER
- RANDY FISHER
- RUSTY BECHTOLD
- MICHELE KANE
- GARY BUSH
- THY VUONG

COUNSEL:

- JEFF SLY

PUBLIC MEMBERS:

(NO AUDIENCE PARTICIPATION)

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1 SACRAMENTO, CALIFORNIA

2 THURSDAY, DECEMBER 17, 2015, 10:00 A.M.

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4 CHAIR BEARD: Good morning, everybody. I'm
5 going to call this meeting of the Prison Industry
6 Board to order at 10:03 a.m. The meeting is being
7 held at a publicly noticed location. I would like
8 to begin by asking the Board Secretary to call the
9 roll.

10 MS. VUONG: Chair Beard.

11 CHAIR BEARD: Here.

12 MS. VUONG: Vice Chair Singh.

13 MEMBER SINGH: Here.

14 MS. VUONG: Member Alegria.

15 MEMBER ALEGRIA: Here.

16 MS. VUONG: Member Butler.

17 MEMBER BUTLER: Here.

18 MS. VUONG: Member Davidson.

19 MEMBER DAVISON: Here.

20 MS. VUONG: Member Davidson is not here
21 yet.

22 Member Kelly.

23 Member Martin.

24 MEMBER MARTIN: Here.

25 MS. VUONG: Member Saito.

1 MEMBER SAITO: Here.

2 MS. VUONG: Member Steeb.

3 MEMBER STEEB: Here.

4 MS. VUONG: Member Trujillo.

5 MEMBER TRUJILLO: Present.

6 MS. VUONG: Let the record show that we
7 have a quorum of nine members.

8 CHAIR BEARD: Thank you.

9 I want thank everybody for being here today
10 and being prompt and on time and being part of this
11 meeting and giving up of your valuable time.

12 I want to take this opportunity to introduce
13 our newest member, Dawn Davison, who is a former
14 warden, I understand, from CIW.

15 Dawn, would you like to make any comments at
16 all?

17 MEMBER DAVISON: It's a pleasure to be here
18 and to be part of this Board. I was a very
19 important member of PIA when I was a warden at CIW
20 and had a very personal relationship, and I am glad
21 to be part of this. Now I am six years retired.
22 Hard to believe it. But I am glad to be part of the
23 Board.

24 CHAIR BEARD: We are glad to have you and
25 your expertise. Thank you for agreeing to be a

1 member.

2 I am Jeff Beard, the Secretary of California
3 Department of Corrections and Rehabilitation and
4 also the Chair of the Prison Industry Board. This
5 December meeting is the meeting when we review the
6 midyear revise for the current Fiscal Year, and
7 we'll be discussing that in a few moments. It's
8 also a chance for us to review some proposed
9 amendments to Title 15 in our personnel section and
10 inmate recruiting and hiring process.

11 I would like to also note for those members of
12 the public who are here today that there will be an
13 opportunity for public comment after each item is
14 presented to the Board. And if anybody would like
15 to make a comment, please make sure to fill out a
16 speaker's request form and give it to the Board
17 secretary.

18 So at this time I would like to invite the
19 Board Members, if any of you would like, to make any
20 comments before we start with the actual meeting.

21 Hearing none, we will move on to the General
22 Manager's comments and ask Mr. Pattillo to give them
23 to us.

24 MR. PATTILLO: Morning, Mr. Chairman and
25 Members. My name is Chuck Pattillo. I am the

1 General Manager of the California Prison Industry
2 Authority and the Executive of the Prison Industry
3 Board.

4 I would like to recognize Bill Davidson, a
5 Member, has come in. So there's ten present.

6 Just a couple items I want to go over. We've
7 already introduced Board Member Davison. There is a
8 very specific thing she did. She actually supported
9 the very first women's carpentry CTE program at the
10 California Institution for Women, which resulted in
11 us building from scratch a 6,000-foot training
12 center for firefighters. That program has now
13 actually expanded to have the Laborers' Union. We
14 just recently contracted with the carpenters for
15 direct employment in the Southern California area.
16 That's very helpful. And, believe me, her legacy
17 lives on there. Every time I go there they ask me
18 if I've seen Warden Davison.

19 Thank you for being here.

20 At last year's December 14th PIB meeting one
21 of the things that was approved is the addition of a
22 food and beverage packaging facility out in Mule
23 Creek. It's almost a replication of the service of
24 what we do down in Corcoran and SATF. I know a few
25 of you have seen that food packaging operation down

1 there.

2 This is part of the infill project of the
3 Department of Corrections, and it is scheduled to
4 come online on July 1. It will add up to a hundred
5 new offender positions. But what it will also do is
6 take some of the stress off of the Southern
7 California packaging operation, because at this
8 point in time we are not servicing the entire
9 Department of Corrections with a product that they
10 want from us. We do everything we can, including a
11 whole lot of overtime to get that product out. It
12 will be nice to have that going. It's a large
13 operation that didn't require a lot of civil service
14 staff. It did require several million dollars on
15 our part, as well as a large contribution from the
16 Department of Corrections. That was very helpful.

17 As we go through the binder today, one of the
18 things we're going to talk about is the capital
19 plan. And in there, at the annual review we had
20 four water reclamation systems for our laundry.
21 Right after we put those in the budget, we got
22 contacted by the Governor's office, as well as the
23 Department of General Services, notifying us that
24 there was a half a million dollar grant available
25 for these such projects. So we applied and won the

1 grant, or awarded the grant. But also part of that
2 was the Governor's office asked, as well as DGS, if
3 we could add additional funds to do more of our
4 laundries.

5 As you know, there is -- of course, the
6 Secretary is painfully aware, there is a water issue
7 statewide. Institution wise it is a serious issue.
8 We actually do use a lot of water out there. For us
9 this will cut down about half on our water in our
10 laundry. For midyear we've actually added an
11 additional 3.5 million to do seven more. And that
12 still remains. We have a couple out there that are
13 still left to do. A good thing about adding this is
14 that we now have 11 projects, that we're going to
15 bid them all at once. And I'm sure the price will
16 go down significantly, rather than trying to do
17 onsies and bid them all the way through.

18 Good news. The HMF program, which seems to be
19 about 90 percent of Scott Walker's work, healthcare
20 facilities maintenance, has been fully implemented.
21 That program, we're going to talk a little bit more
22 about it. I'm not being facetious. I would say
23 it's over half his workload right now.

24 It added 200 staff. We're actually talking
25 about adding some limited-term staff to solve the

1 problem. But moreover what it did, our
2 headquarter's workload increased almost 30 to 40
3 percent in certain areas. And in HR, in some areas,
4 800 percent in the terms of adverse actions,
5 transactions, those sorts of things. We're going to
6 discuss that in a little bit.

7 It only provides 15 percent of our revenue
8 statewide, but it seems to be about 90 percent of
9 our headaches. But it's an interesting program.
10 I'm really glad we're doing it.

11 The audit release that we talked about in
12 there, it's not coming out. And part of the reason
13 it's not coming out till next month is because the
14 State Auditor is auditing both CalPERS and the
15 State Controller's Office who gives us our actuarial
16 numbers -- the numbers in there, such as the net
17 profit being up about 14,000,000, may change based
18 on what the contribution numbers they give us here
19 next month. It could go down a bit.

20 Our option was to just have an audit done, but
21 it wouldn't have given us a clean review. And I
22 would rather have 13 years straight, clean opinion
23 rather than one hiccup there. So I think waiting 30
24 days is okay. We will take it up at our next, in
25 January at our telecom meeting. Two locations, here

1 and one in Southern California for the folks down
2 there. We will take that up in the legislative
3 report.

4 One of the things we've talked about a couple
5 times is the recidivism study. I had several
6 conversations with the Secretary, as well as members
7 of the Board. We're taking a little bit different
8 approach to the way we're doing the study. It's
9 obvious we have to have a third party do ours
10 because we've been doing it internally as well as
11 we've got some external. But what we've got now is
12 we've got clearance to use Attorney General data,
13 which they collect all the data including arrests as
14 well as recidivism. They also give what the arrests
15 were for and the conviction rate, and that is a very
16 interesting piece.

17 We will contract with San Diego State
18 University who has done a lot of work in this area.
19 They will be able to access the confidential data.
20 We have an agreement now for them that to do that.
21 They have to be fingerprinted and all this other
22 stuff to use this data. Within the next year that
23 study will be done. It will be on the entire PIA.
24 Then we will set it out for our Career Technical
25 Education programs. We'd always like to have that,

1 that small number; that is very significant. The
2 last time we did it I believe we were talking no
3 more than 8 percent for CTE.

4 Vacant positions. We are having some
5 difficulties recruiting. I don't think I'm -- we
6 have a couple of you here from state agencies, so
7 I'm not telling you anything you don't know. It's
8 really difficult. You'd think that we wouldn't have
9 any vacancies in state service given the economy,
10 but we do. Last year we ran an average of 18
11 percent vacancy PIA wide. In the HMF program we ran
12 30 percent. So that's a big issue for us,
13 recruiting.

14 Scott's going to talk a little bit about what
15 we're doing to overcome that recruiting. It's an
16 entry level position. It does cause us a lot of HR
17 issues, but we're handling them. We will get there.

18 The inmate position, also you're going to see
19 they have 25 percent vacancy rate in our inmate
20 position statewide. We're doing several things
21 there to fix that. We'll talk a little bit more
22 about that, including moving some programs behind
23 the wall. Mr. Trujillo was out there the other day.
24 He knows we're moving the ironworkers program behind
25 the walls rather than being a minimum support

1 facility where it was. [Inaudible].

2 The other thing that may give us some more
3 folks is the Governor did some funding in the
4 California conservation Corps. And I just forgot to
5 mention that the new director is sitting with us
6 here.

7 The last time you were here, you weren't the
8 director, were you?

9 MEMBER SAITO: That's correct.

10 MR. PATTILLO: He was actually retired
11 from the LA Corps, and that lasted about five
12 minutes. Mr. Saito has been appointed by the
13 Governor as Director of the California Conservation
14 Corps.

15 It immediately seemed like things must have
16 been going your way because there is money in the
17 budget to expand some of your conservation corps
18 camps, which those individuals, the 18 to
19 25-year-olds, can be firefighters when they get out.
20 What that will do is relieve some of the pressure on
21 CDCR camps, and enable some of those folks to come
22 back and get the training that they may need because
23 it is actually difficult for inmate firefighters to
24 get employed as firefighters when they get out for
25 what they need to get a job as a carpenter, an

1 ironworker and laborer. I'm hoping that works out.

2 Congratulations, sir.

3 MEMBER SAITO: Thank you.

4 MR. PATTILLO: Significant amount of press.
5 I know Michele will come up and talk to you about
6 it. A lot of it has to do with the computer coding
7 program at San Quentin.

8 I want to thank Mr. Singh for setting up the
9 Mark Zuckerberg tour for us. When we talk about
10 Mr. Singh knows people, Mr. Singh knows people.

11 Why are we so focused on this program and
12 class? Because we're taking this programing class
13 and turning -- the next step is a joint venture.
14 Whereas, we have a private company coming in to
15 employ those inmates at San Quentin in a separate
16 business doing computer coding, which would normally
17 be offshore in a place like India and various other
18 countries that are doing that at a very cheap rate.
19 They will be comparable waged, anywhere from 15 to
20 \$25 an hour. And that will just about ensure that
21 they get a job when they get out. Coding is
22 probably the new big thing. There is not full
23 accreditation for that yet.

24 Mr. Martin asked, got a letter yesterday from
25 Mr. Martin. He wanted specifics on positions

1 because I think he couldn't believe some of the
2 things that I have to pay. It broke my heart when
3 he told me that I pay about 20 times more than he
4 pays for Workers' Compensation insurance. The
5 reason being he is able to use a private vendor
6 where I have to use the State Compensation Insurance
7 Fund. We have to revisit this and ask maybe some
8 Board action to get out of that, because it is a
9 significant amount of money, plus the liability. We
10 carry almost \$7000,000 on liability on our books
11 right now because of Workers' Comp.

12 Ten times as much as you're paying, Mr.
13 Martin, or were you being generous?

14 MEMBER MARTIN: On my admin I pay a half a
15 percent. You guys pay 10 percent.

16 MR. PATTILLO: That would be 20 percent.
17 Unfortunately, we have to use State Compensation
18 Insurance Fund.

19 The last thing I want to -- a very sad note.
20 Justin Kelly, Curtis Kelly's son, passed away.
21 Curtis is not here today. Unfortunately, we didn't
22 know about it right away because Curtis didn't let
23 us know. But many of you may know that his son,
24 Justin, has been going through treatment for cancer
25 from a service connected issue from basically

1 leukemia cancer that he contracted as part of his
2 service time. This afternoon several of us are
3 attending the service at the Sacramento Valley
4 Veterans Center where he will be buried with full
5 military honors.

6 If anybody needs his address, a couple of you
7 asked for it, I will send it out to you if you
8 would like to drop him a note.

9 With that, I'm going to turn it over to
10 Mr. Walker. We have four action items, and we have
11 five information items. They're pretty -- not
12 complex. Hopefully, we can move things quickly.

13 MR. WALKER: Good morning, Chair and Board
14 Members. I'm Scott Walker, the Assistant General
15 Manager for operations.

16 As Chuck mentioned, our HFM program is rolling
17 along. We've now activated at 34 institutions. As
18 far as the contract, we are fully implemented out in
19 the field.

20 As we discussed in the past, recruitment and
21 retention was one of early challenges that were
22 identified that we would have to address and
23 overcome. This still remains one of the most
24 significant challenges that we face in this program,
25 first recruiting and retaining staff to make the

1 program work.

2 This action item is requesting the authority to
3 appoint 68 full-time, limited-term positions. What
4 that will allow the program to do, given the 25
5 percent vacancy rate Mr. Pattillo discussed, is the
6 swing space and the time to start working on things
7 to shore up the program. Anytime you start a new
8 program -- back to 1986 we expanded PIA reps in the
9 mid '80s, and we went through the same thing.
10 There's just certain people that aren't a good fit
11 for prison life, and there's going to be a churn.

12 We're experiencing that a lot in the HFM
13 program, as Mr. Pattillo mentioned earlier, in
14 adverse actions. It's starting to settle down.
15 There is going to be some continuing churn out
16 there. And since this is an hour-based program, we
17 are contractually obligated to complete certain
18 services every day. We can't not do it.

19 So right now what we're struggling with is the
20 25 percent vacancy rate, in completing those
21 contracts or obligations. So we're doing a lot of
22 overtime. And we're also -- one of the byproducts
23 or maybe one of the root causes of the turnover,
24 especially in prison, is we are also redirecting
25 some of the supervisory staff to do frontline work

1 that they normally wouldn't do, which reduces their
2 time to administer and observe and help the other
3 subordinate staff, the entry level staff, to be
4 successful in their mission.

5 The HFM program is unique in CalPIA in the
6 sense that the other programs that we've got out
7 there is usually a small family of individuals. In
8 a metal fab or furniture factory when we add a new
9 employee to that, there's other people there that
10 are working on the same thing, doing the same work,
11 looking out for each other. In these HFM programs
12 a lot of times these new staff are in isolated areas
13 of the institution. While there is other staff
14 around for security purposes, they're on a different
15 mission. It's really proving problematic for us.
16 We're trying to come up with some ideas to limit
17 that.

18 As far as positions, one of the questions
19 asked of me is: If we can't fill the positions we
20 have now, why the heck would we add more? Right.
21 The rationale is pretty simple. We're going to add
22 another 68 positions, and 75 percent of that is
23 going to be another group of individuals who use 75
24 percent of a hundred is less than 75 percent of 200.
25 So we're hoping that adding these 68 positions will

1 give us that swing space.

2 I will share with you quickly a real world
3 scenario. We had a situation at an institution.
4 The hierarchy out there is you have a custodian, a
5 lead custodian and custodian supervisor II. The
6 custodian supervisor II left. I think they went to
7 CDCR. The lead custodian promoted and went to the
8 CS II position. It takes us about four months to
9 run through that process from A to B. The custodian
10 then promoted to the lead custodian. Again we hired
11 an entry level custodian. So if you look at that,
12 it was four months, four months and four months. It
13 took us 12 months to get that position filled once
14 it was vacated, all the positions filled. So we
15 lost 2,060 hours or 2,080 hours of labor just trying
16 to fill that position. This is going to be the
17 ability for us to have other resources there so
18 those gaps don't happen.

19 The stabilization effort. We're working on
20 three prongs. One is recruitment. The other is
21 training, and the other is classification and pay.
22 Recruitment is a challenge. As Chuck mentioned, if
23 you look at our job opportunity, goals, that we send
24 out every Friday that lists all the opportunities at
25 PIA, if you look at it, not too long ago it measured

1 five, six, seven, eight pages. It's about 74 pages
2 now. And in all aspects, not just HFM, we're really
3 struggling to identify and get the right people in
4 the door.

5 So we have recently hired a full-time
6 recruiter for PIA. Started, I believe, last Monday.
7 And so that, I'm hoping, is going to help us focus
8 in on those markets where we can get the people in
9 the door. That is going to be a big deal.

10 Examinations is another one. The process that
11 we use right now for examinations is cumbersome at
12 best, whether it be HFM or traditional industries,
13 whether it be the Q18 process which takes months to
14 get in line to get a list to hire off of. HFM is
15 online and a cumbersome process. It is a difficult
16 process to navigate.

17 It's somewhat difficult to understand because
18 people go in. They finally find it. They do the
19 test online. They think that that then secures
20 their ability to get the job. Well, they've shown
21 up. They put it in, the application. The
22 application is about to meet the MQ's. A lot of
23 times the online exam doesn't match up with what
24 they put on the application cleanly. So we're
25 having a lot of issues there, as well. So we're

1 trying to figure out some ways.

2 In the past we've used things which are called
3 Demonstrate Project where you use the application
4 process to do not only the hiring list eligibility,
5 but you use it to do the hiring, so much like in the
6 private sector. Basically, you advertise for a job.
7 People send in an application. You do a hiring, and
8 you're done and you move on.

9 So were looking at all those measures. We
10 realize getting people in the door is certainly one
11 of the biggest challenges we have. We are also
12 doing the standard advertising - CalHR, CalVets,
13 EDD, job fairs, et cetera, et cetera.

14 The second element that we're looking at is
15 training. We have do a much better job of making
16 sure these people have tools to be successful in
17 this environment. So we've recently established an
18 on-board process, orientation with CalPia, which is
19 a two-day event that takes place over a couple days.
20 It's trying to give them a better perspective of the
21 job that they're going to do. The challenge is
22 they're going to encounter, and maybe most
23 importantly, somebody they can reach out to as they
24 start to struggle if something starts to happen
25 instead of letting them figure out their own

1 processes. Make sure they have some contacts that
2 they can reach out to address any concerns or issues
3 they are having on the job. There shouldn't be work
4 issues. We want to make sure they have the
5 resources. They don't feel like they're on an
6 island out there.

7 But training is certainly a significant focus,
8 not just HFM, but everything in PIA. But we have to
9 continue to improve our ability to make them
10 successful on the job.

11 The last thing I'll mention in that is
12 classification and pay. The entry level hourly wage
13 for a custodian in HFM is \$12.66 an hour. And that
14 is driving some of the turnover in these jobs.
15 Pride recently -- Pride Industries out of Roseville,
16 a nonprofit. They are doing the contracts for CHCF.
17 They're working on a contract with the receiver's
18 office in the Stockton Medical Facility. They just
19 did a job fair which they let us participate in.
20 Their starting rate is \$16 an hour.

21 It just exacerbates that challenge of getting
22 people interested. Not just interested in coming to
23 work for PIA and the state as a career. Not just as
24 a filler. We're also going to be looking at
25 classification of pay and what we can do there to

1 make them understand that this is a foot in the door
2 and could be a lifetime career.

3 The other thing that we're looking at is a
4 career ladder. If you look at HFM, right now the
5 career ladder is pretty limited. If you get past
6 the CS II or CS III, there really is no next step
7 inside of PIA. We're looking at what we can do
8 about that, and give these guys and gals the
9 opportunity to move forward. A little bit of
10 training and development assignments, but still not
11 enough of a pathway for them to move forward.

12 So what we're experiencing as well as some of
13 the other issues is the turnover, being that people
14 are leaving PIA and going to CDCR entry level
15 warehouse jobs, entry level kitchen jobs, which pays
16 significantly more. Our entry level introductory
17 supervisor positions pay 30 percent more than the
18 top supervisor in the custodian. So we've got to
19 address that disparity at some point in this
20 process. Again, 68 positions give us the time and
21 space to address those positions.

22 With that, I recommend approval of this item.
23 I would be glad to answer any questions you may
24 have.

25 MEMBER STEEB: I do have a question. Is

1 there a reason why we can't look at engaging Pride
2 on a longer term basis for more of these jobs?

3 MR. WALKER: Engage them in the sense of?

4 MEMBER STEEB: Giving them -- contracting
5 with them. They do have a lot of people who these
6 jobs are very critical for.

7 MR. WALKER: Yes. Well, we're looking at
8 that. Part of what Pride -- this is a -- Pride
9 hasn't operated in this environment yet. So we're
10 trying to work with them hand-in-hand. We are
11 showing them, sharing with them all of the
12 procedures and protocols we have, lessons learned.
13 And what we're hoping is to make them successful at
14 Stockton. Then we're hoping that together we can do
15 just what you're talking about, collaborate to
16 ensure that we are both successful.

17 So it's early in that process. I don't know
18 if the contract has been signed yet. They started
19 this. They were successful in Stockton. They got
20 50 applications out of that one job fair. So we're
21 kind of learning from that. Piggyback on that. As
22 it proceeds, we will see. We're trying to work with
23 them hand-in-hand, give them our lessons learned.
24 Trying to learn things from them. They were doing
25 this, to your point, a long time. They've been very

1 successful at it. Great organization. So I'm
2 hoping that together in collaboration that we both
3 become better at doing what we're doing. Down the
4 road, who knows. Maybe we use them as a backup
5 resource to do some of the things we're doing.

6 MEMBER STEEB: Other question. Is there
7 any sort of data what other state agencies are
8 facing in terms of vacancy rates? The 18 percent
9 overall for PIA, is that comparable with other
10 agencies?

11 MR. WALKER: I know in the state I don't
12 have statistics for other departments, but I know
13 that that is a common issue is recruiting people in
14 general. But particularly when you look at the
15 department and you looked at the demographic or the
16 geographic areas we have out there, it's really
17 difficult to recruit in some of these areas that are
18 remote.

19 Give you a good example. High Desert for CDCR
20 has been a tremendous challenge to get people up
21 there interested in this program. So it's a
22 challenge throughout the state. We are unique in
23 the sense we are 34 different institutions. We're
24 into Mexico and it makes it a little more
25 challenging.

1 MEMBER STEEB: Thank you.

2 MEMBER BUTLER: Just a comment. That when
3 I saw this item on the agenda and talked to Chuck, I
4 checked with DGS real estate division who hires the
5 custodians for all the state buildings. They
6 indicated that their vacancy rate is about 20
7 percent in these same areas. So it's a common
8 problem for the state. The issue they cited had to
9 do with pay, especially pay differentials based on
10 certain locals where the cost of living goes up
11 dramatically. Very, very hard to retain staff. In
12 those cases their vacancy is 30 percent. It's a
13 health issue.

14 One of the questions I had for you is if
15 you're required to use the same civil service
16 classifications that the rest of the state and
17 whether or not you have asked the human resources
18 agency for permission to have exemptions on the
19 classifications?

20 MR. WALKER: We are in that process. We
21 are looking at doing just that. Part of the balance
22 we've got to strike here. Right now we have a
23 contract, and labor is a significant portion of that
24 contract. So it has to be -- I have to balance
25 that. At some point it is going to cost a lot of

1 money to do what I'm doing. The outcome is well
2 worth that.

3 Some people are vested in this program and
4 vested in a career. So, yes, that is one of the
5 things that is on our radar, is to look at -- the
6 reason we're looking at it is at some point having
7 all the custodians, CF correctional facility people
8 working for PIA potentially out there.

9 Once we have the whole classification, it will
10 be easier to have those conversations. We're
11 looking to go back and have some chatting with Cal
12 HR, trying to explain to them the difference between
13 using the CALPIA program and the standard custodian
14 program.

15 One of things that this program relies very
16 heavily on is the training of inmates. If you look
17 at the standard folks out there, they are usually
18 not as invested in training inmates. They are more
19 concerned about getting the things cleaned. We're
20 certainly concerned about that, but our primary
21 mission, as all of you know, is training and
22 recidivism reduction. That is a significant element
23 in this program, and kind of using that as leverage
24 to talk about why we need a different
25 classification.

1 MR. PATTILLO: Mr. Butler, we modeled this
2 for your agency. As many of you may remember that
3 when we kicked this off almost two years ago, one of
4 the support letters was from the president of SEIU,
5 which represents your folks out there, your
6 custodians. The reason being is because now they
7 can hire a referral actually qualified to go into
8 state jobs for you. With us they have to be off
9 parole for a year. There is a pathway. I'm hoping
10 your vacancy rate gets a little better.

11 Board Members, I also wanted to -- I forgot to
12 mention. Jim Butler is Chief Procurement Officer
13 for DGS. He's actually -- this is probably his
14 fifth time around alternating with Esteban. Many of
15 you recall Mr. Almanza retired last month. Had a
16 very nice retirement function. He will be missed.
17 Jim has been the alternate always. So he's pitch
18 hit a few times for us. I think he's here to stay
19 for a while.

20 CHAIR BEARD: Okay. We thank you,
21 Mr. Walker.

22 Any other comment from the Board on this
23 proposal?

24 Any members of the public here with us today
25 that would like to comment on the proposal?

1 Okay. Seeing none, is there a motion to
2 approve Action Item A?

3 MEMBER BUTLER: Move approval.

4 CHAIR BEARD: Is there a second?

5 MEMBER SINGH: Second.

6 CHAIR BEARD: The Board secretary, would
7 you please call the roll?

8 MS. VUONG: Member Alegria.

9 MEMBER ALEGRIA: Yes.

10 MS. VUONG: Member Butler.

11 MEMBER BUTLER: Yes.

12 MS. VUONG: Member Davidson.

13 MEMBER DAVIDSON: Yes.

14 MS. VUONG: Member Davison.

15 MEMBER DAVISON: Yes.

16 MS. VUONG: Member Martin.

17 MEMBER MARTIN: Yes.

18 MS. VUONG: Member Saito.

19 MEMBER SAITO: Yes.

20 MS. VUONG: Member Steeb.

21 MEMBER STEEB: Yes.

22 MS. VUONG: Member Trujillo.

23 MEMBER TRUJILLO: Yeah.

24 MS. VUONG: Vice Chair Singh.

25 MEMBER SINGH: Yes.

1 MS. VUONG: Chair Beard.

2 CHAIR BEARD: Yes. The motion carries
3 unanimately. We'll move on to Action Item B.

4 MR. PATTILLO: Action Item B is our midyear
5 revise. There's actually been years where we
6 haven't done the midyear resize. Obviously, the
7 work has been consumed. Sometimes there really
8 aren't many changes.

9 Just to run the report takes three weeks to
10 put that report together. So it's not a wish, press
11 the button quick and you have a thing.
12 Unfortunately, it doesn't work out that well.

13 A lot of things we learn after we close our
14 books in July. There's things like what were the
15 actual vacancy rates and what was the profitability
16 of the agency and where the big holes are. We did
17 find a few holes that we had staffwise.

18 Scott just talked about the 68 staff that
19 we're having to add. Overall, we've actually having
20 to add -- Scott's position where he talked about two
21 limited-term custodians at every institutions
22 throughout. Two times 34 is 68. In addition, we
23 have to add four permanent custodian field positions
24 and 11 more limited-term positions for HFM
25 specifically that won't last less than 24 months.

1 The reason for them is we are going from a paper
2 system where we're doing everything by paper in that
3 HFM program to an electronic system. There is a few
4 folks that are working with us, including the
5 receiver's CDCR, as we pilot this thing. It will be
6 a model for other state agencies. It will take us
7 11 people limited-term to implement this over the
8 next two years.

9 As I mentioned, we hadn't done a lot of
10 overhead changes because of HFM, even though that
11 workload has increased in central. So that in
12 addition to that, we have four positions that we're
13 adding in accounting, mostly accounting folks,
14 accounting techs.

15 What I will mention is I think everybody
16 remembers that at the end of the year, if we're not
17 at least \$5,000,000 in the black in May, we are
18 barely going to break even. That was because in the
19 13th month we used to get five or six invoices.
20 Steve and I have talked about this a couple times.
21 Five or \$6,000,000 in late expenses that finally
22 caught up, whether they were the 20-day old bills or
23 200-day old bills. We're trying to true it up. Not
24 usually about \$5,000,000 change. Once in a while we
25 have some revenues that came in late. We like them

1 on time.

2 But this year -- with the Board's urging about
3 two years ago we went out and recruited for a CFO.
4 Just having Gary there and a different focus on the
5 chief of accounting also there, we didn't have that
6 issue this year. So back in January when we were
7 running our numbers - and I talked to Mr. Martin
8 about this - we actually assumed that we would drop
9 five or \$6,000,000 from January. We didn't. It
10 stayed where it was, and most of that is due to
11 process. We're just going to have a late revenue.
12 They worked very hard.

13 The other thing from last year is that we
14 couldn't hire a lot of the positions. We didn't
15 have a huge OPEB expense that we always have. We
16 actually overstated by \$3,000,000. So the budget
17 overall, we're not changing our revenue, and we're
18 not changing our cost of goods sold, even though
19 we're adding positions, because we know that we've
20 budgeted that at a very low vacancy rate last year
21 in the annual plan. We don't have that vacancy
22 rate. So we actually have a spread on vacancy rate;
23 is actually picking up the cost of the positions and
24 cost of goods sold.

25 However, the administrative positions, we only

1 have a \$300,000 difference because in admin
2 positions two we had about -- they were 17 percent
3 in just admin positions, 18 percent over all and 30
4 percent on HFM.

5 So we are not changing revenues, cost of goods
6 sold or gross profit. Selling and admin expenses
7 where some of the admin positions come in overall,
8 there is an increase of about \$400,000. Central
9 office alone is \$300,000 for the positions that are
10 there. However, a lot of that we actually did book
11 is changes in employer contributions. As we close
12 our books in July, we do not know -- we have the
13 annual plan. We do not what the employer
14 contribution is going to be for our end. That
15 number is dictated by CalHR, State Controller's
16 Office and a few other folks. There are a few other
17 initials out there that dictate what we're going to
18 be paying for the employer's side contribution for
19 the retirement fund.

20 As Scott mentioned, we have no control what
21 the pay levels are for staff. There is a set pay
22 level in state service in codes. We have to pay to
23 that level. Sometimes we can bring people in a
24 little higher if they've got experience. But there
25 is really about six steps in everyone. You start

1 with the first one and hopefully get promoted before
2 you get to the sixth one. We are kind of locked in
3 there with that.

4 The overall positions, and I went through here.
5 We have a total of 92 positions that are being
6 added. Sixty-eight Scott talked about. Four were
7 the permanent, 11, the four positions in accounting,
8 two positions in human resources. We only added two
9 people in human resources when we brought on 200
10 people. I say that with a smile. I can hear
11 someone frown behind me that is overworked for a
12 while there. We also brought the recruiter on there
13 as Scott talked about.

14 The addition of the operations division was
15 two analysts over there. The analysts basically are
16 doing most of the assessment on cost to control
17 revenue. And the last one was our product
18 management specialist in our sales and marketing
19 division. In our sales and marketing - most of you
20 have visited our office - there are five people that
21 are assigned product management and life cycle for
22 the entire PIA.

23 What has happened in the last couple months,
24 our metal business is about to explode. There was
25 500,000,000 that was allocated from the Board of

1 State Community Corrections to jails out statewide.
2 It just so happens that we have all the metal that
3 is approved to be used in those jails. We've run
4 through the federal receiver, the three judge panel
5 approved all that. Now for everybody to go through
6 and try to get their own approvals, they can buy it
7 from us. So there is about 500,000,000 out there in
8 construction. We will pick up some of that. And
9 our metal business is actually expanding. I'm
10 grateful to see that from where it was a couple
11 years ago.

12 The Offender Development Program. We show
13 \$100,000 decrease in our Offender Development
14 Programs overall. That's not a reduction of any
15 program, per se. That is a reduction of one
16 position as part of a contract with the Division of
17 Juvenile Justice for the Free Venture Program. As
18 you know, we have a Joint Venture Program with
19 supported goals. This is beyond the wall. The Free
20 Venture is juvenile facilities.

21 In the last couple of years we've gone, we've
22 closed 80 percent of the juvenile facilities
23 statewide. Years ago we had 15,000 juveniles, and
24 today we have about 700 juveniles at state level.
25 So a lot of those Joint Ventures we had out there in

1 the Free Venture Programs decided they didn't want
2 to come over to the adult side. So the DJJ asked us
3 to renegotiate the contract, and we agreed it was
4 reasonable. We didn't have such a workload for them
5 anymore.

6 Overall, the CTE programs are in there. We're
7 not changing a whole lot inside there. We have --
8 as you all know, we have a \$2.6 million
9 appropriation that came through CDCR for the purpose
10 of contracting with us. A very specific
11 appropriation and identified. We still have the 12
12 programs. We have -- read them down here real
13 quick. On the male side - MTCC, the dive program at
14 CIM; the laborers program at Folsom and San Quentin.
15 We have opened one at San Quentin for the purposes
16 of training in levels of asbestos abatement. San
17 Quentin has one of the largest lead asbestos
18 problem. Ironworkers at Folsom is moving inside.
19 The carpentry at Folsom and computer coding at San
20 Quentin.

21 On the female side. Part of that
22 appropriation was supposed to focus on females. So
23 we are trying to expand our female programs where we
24 can. We have a laborers at Folsom and also
25 California Institution for Women. Carpentry at both

1 locations. We have two classes of AutoCad at
2 Folsom. And we are just starting our new class. We
3 have a total of 59 females signed up for that class.

4 It's the most interesting one we've ever done
5 because we've got a week after graduation our
6 graduates -- we're getting just great letters from
7 them telling us they were getting employed
8 immediately. And it was all because of that one
9 certificate, which is the AutoCad certification. We
10 are the only AutoCad training center in the United
11 States in the penal institution. It had a lot of --
12 a lot of big things associated with that. That one
13 is a well-listed coding program that showed up in
14 USA Today in the last couple weeks.

15 The last one would be the facility maintenance
16 at Folsom Women's Facility. We actually use that as
17 a training program for HFM program. We moved it
18 from the vocational side to the actual working side.

19 Distribution of transportation expense. You
20 see the line item. And I should have -- we are
21 going off this page here, all in your binder.

22 MR. WALKER: Under Exhibit B1. Most of you
23 have it.

24 MR. PATTILLO: The other two people were
25 being polite.

1 This distribution and transportation expense
2 has increased about 2.46 percent, up two about
3 \$300,000, and that is just because of volume, when
4 we added seven institutions on. You could imagine
5 we're doing a little more runs out of there. We
6 supply the entire HFM with our own chemicals that
7 are made at Lancaster. We are not buying those.

8 State mandated costs. This is the one that
9 always gets -- the one I'm so interested in. Pro
10 rata, which is our portion of our use of the
11 Legislature, the Department of Finance, State
12 Controller's Office, State Librarian - all of those
13 things that we don't use as much, with the exception
14 of DGS. We're paying about \$4.9 million a year for
15 that. Estimated to stay the same for right now.
16 Sometimes it goes up little bit or down based on
17 whether the auditor is working with us. We have to
18 pay for that.

19 OPEB has been staying the same even though it
20 came in lower last year. Because once our positions
21 are filled, as staff said, we're going to be paying
22 that OPEB.

23 Our operating income estimated decrease about
24 1 percent from 1.4 to 0.9 midyear.

25 Our non-operating expenses. This is another

1 reason why we're not changing our costs because
2 we're changing some positions. We have \$700,000 in
3 there, \$718,000 in there; that is for non-operating
4 expenses, start-up costs. This is how the auditor
5 always wanted to show start-up costs for our
6 business line, on the new ones, so it wouldn't be
7 skewed up.

8 This year this auditor took a different turn.
9 This is not where you want to hold it. You want to
10 put it up in your cost of goods sold. We're just
11 deleting it out. We basically eliminated a lot of
12 the positions we had to add; that's why we didn't
13 change the revenue of cost of goods sold.

14 The net gain. We're moving that up to
15 \$700,000 from \$500,000. We are trying to be very
16 conservative. Last year the number that's out there
17 right now which may change when the audit's finished
18 was little more than conservative. We actually had
19 the best year we ever had. But I think remaining
20 conservative is a better way to go just in case we
21 see a -- we had downturns in good years before. We
22 have had some revenues drop off \$20,000,000 in one
23 year.

24 Offender employment. The actual budgeted
25 positions are going up 6,508. And in looking at the

1 action item itself on Page 3 of 5, we have 6,509
2 positions budgeted. That's a wash because we went
3 up 400 and we went down 400 in one area. That kind
4 of played out to the 1 percent. We actually last
5 month number averaged so far. We're filling 5,100
6 positions. We have almost 1,400 positions out there
7 that we have available out there. We talked a
8 little bit about how we're hoping things can change
9 a little bit and get those positions filled. Those
10 are training positions. That's opportunity lost to
11 train somebody.

12 The work position we kind of -- I hope I
13 haven't beat that horse on what it is. Even the
14 MIS, we've gone kind of light on our IT budget.
15 Even though we added several locations, we only
16 added a position and a half in IT. The reason why
17 we are not blowing that up is we are working with
18 CDCR right now to get on their network. Instead of
19 us running a separate network, we're going to try to
20 go on their backbone as well as we're -- I think
21 we're probably the last agency that handles our own
22 email. Everybody else uses an outside state agency.
23 We are moving to an outside vendor, Microsoft.

24 In addition, all of our manufacturing and
25 accounting servers -- some of you have been into our

1 server room. We are trying to cloud as much of
2 those that we can. There are a couple servers that
3 are of a sensitive nature, specifically some HR and
4 legal, that we will not cloud. And we're going to
5 talk a little bit about that. That's an issue of
6 cash. We have to do some improvement to address
7 that. There is no change in out-of-state travel.

8 And that, at this point, concludes a portion
9 of the presentation. Can I answer any questions?

10 CHAIR BEARD: Thank you, Mr. Pattillo. And
11 no comment from the Board.

12 Is there any public comments?

13 I don't see anybody getting up to make a
14 public comment. So do I have a motion to approve
15 the adoption of the proposed midyear revise for
16 Fiscal Year 2015-16?

17 MEMBER TRUJILLO: I move.

18 CHAIR BEARD: Second.

19 MEMBER ALEGRIA: I'll second.

20 CHAIR BEARD. Will the secretary read the
21 roll, please?

22 MS. VUONG: Member Alegria.

23 MEMBER ALEGRIA: Yes.

24 MS. VUONG: Member Butler.

25 MEMBER BUTLER: Aye.

1 MS. VUONG: Member Davidson.
2 MEMBER DAVIDSON: Yes.
3 MS. VUONG: Member Davison.
4 MEMBER DAVISON: Yes.
5 MS. VUONG: Member Martin.
6 MEMBER MARTIN: Aye.
7 MS. VUONG: Member Saito.
8 MEMBER SAITO: Aye.
9 MS. VUONG: Member Steeb.
10 MEMBER STEEB: Yes.
11 MS. VUONG: Member Trujillo.
12 MEMBER TRUJILLO: Yes.
13 MS. VUONG: Vice Chair Singh.
14 MEMBER SINGH: Yes.
15 MS. VUONG: Chair Beard.
16 CHAIR BEARD: Yes.
17 MS. VUONG: Ten-zero in favor.
18 CHAIR BEARD: Motion carries.
19 MR. PATTILLO: Designation of cash.
20 Normally we wouldn't have to do this item. What we
21 talk about is cash balance at the end of the year
22 are going to be about \$686,000,000; \$56,000,000 of
23 that is allocated to OPEB. We anticipate an
24 agreement with Finance shortly. We had a
25 preliminary agreement which wasn't ready for prime

1 time to bring here where we will be able to corral
2 that \$56,000,000 block into an interest bearing
3 account very shortly, so we can mitigate our part of
4 the liability. Also, there are several million in
5 there for Workers' Comp that we have to set aside.
6 So I think when people see that \$86,000,000 at the
7 end of the year, it's not real money, shall we say.

8 The changes, though, are really in our capital
9 program. If you look behind Exhibit C2, we are
10 anticipating a total addition of \$3,000,000. We
11 talked about the \$3,000,000 for adding the laundry
12 facility. That cash is in there. When we visit
13 this, we will bid 11 at once. We did an RFI, and we
14 got some information back. I have a feeling that we
15 will get a very good look from contractors when we
16 put out that number of water reclamation projects.

17 The other one we have in there, we added
18 \$150,000 for planning and drawing for a new IT
19 facility. Over the last year I've pretty much
20 talked to every individual about this. We've been
21 going through an MIS/IT audit, looking to see where
22 the holes were in our section. That's how we got to
23 the clouding, that's how we're moving the servers
24 off, everything else. After we got done with the
25 electronic version of that, we looked to the

1 physical security, and it is -- we are not
2 sufficiently physically secure in our IT facility at
3 central office.

4 So we are looking to design a new building,
5 not a modular. It's all going to be in-house in our
6 modular factory. It will be a higher security
7 building and probably we built, maybe close to our
8 emergency operations center, that will be sufficient
9 to meet all requirements of the state, as well as
10 any IT audit that we could go through to secure all
11 of our existing IT functions. We may get rid of
12 some servers, but we are still going to have a lot
13 of lines going in and out that we have to monitor.
14 Right now the auditor is being facetious. With two
15 bricks I could break two windows and a bottle of
16 Pepsi and I could shut the system down. That was
17 kind of a nice example. But I kind of see what he
18 is saying.

19 So what we are looking to do is have a higher
20 security building, a smaller one out in the backside
21 of where our new business services building is. It
22 will solve that program. It will also give work to
23 our modular factory. Our female program is right
24 there. We will be doing the installation on it,
25 just like they installed the modular for our

1 business section a couple years ago. That is the
2 two changes in capital that affect designation of
3 cash.

4 Any questions?

5 MEMBER STEEB: This is not necessarily
6 related to the cash position, but the cash
7 allocation, but did you mention to me that there was
8 a grant to offset some of the wire-up reclamation?

9 MR. PATTILLO: Yes. That was the half
10 million grant that we got from the Governor and the
11 private grant services. That offset that, and we
12 just supplemented that money with other money. We
13 supplanted our funds with that money, but we also
14 added six more.

15 MEMBER STEEB: Okay.

16 CHAIR BEARD: Thank you for presenting
17 that, Action Item C, Mr. Pattillo.

18 Any comments from the Board?

19 Is there any comments from the public
20 regarding Action Item C?

21 Don't see any. So do I have a motion to
22 approve Action Item C?

23 MEMBER BUTLER: Move.

24 CHAIR BEARD: Second.

25 MEMBER TRUJILLO: Second.

1 CHAIR BEARD: A motion and a second. Would
2 the secretary please read the roll.
3 MS. VUONG: Member Alegria.
4 MEMBER ALEGRIA: Yes.
5 MS. VUONG: Member Butler.
6 MEMBER BUTLER: Aye.
7 MS. VUONG: Member Davidson.
8 MEMBER DAVIDSON: Yes.
9 MS. VUONG: Member Davison.
10 MEMBER DAVISON: Yes.
11 MS. VUONG: Member Martin.
12 MEMBER MARTIN: Aye.
13 MS. VUONG: Member Saito.
14 MEMBER SAITO: Aye.
15 MS. VUONG: Member Steeb.
16 MEMBER STEEB: Yes.
17 MS. VUONG: Member Trujillo.
18 MEMBER TRUJILLO: Yes.
19 MS. VUONG: Vice Chair Singh.
20 MEMBER SINGH: Yes.
21 MS. VUONG: Chair Beard.
22 CHAIR BEARD: Yes.
23 MS. VUONG: Ten-zero.
24 CHAIR BEARD: Motion carries. We will go
25 to Action Item D.

1 MR. PATTILLO: I'm going to have our
2 attorney, Jeff Sly, present. I met with Mr. Martin
3 last Friday. He asked me a couple questions, one
4 that I didn't get back to. The question was why --
5 this all has to do with application. He made
6 application. I remember we don't get to sign this.
7 We apply.

8 The question was: Why do we collect so much
9 ethnicity data? He said you just can't collect it.
10 And then it kind of hit on me after I got back.

11 It was actually several Board Members ago that
12 asked us to start collecting that data on why there
13 are actually CDCR [unintelligible]. Primarily with
14 CDCR we've got -- it's white, black, Hispanic,
15 other; and there is one other I'm thinking of.
16 There is almost like one hand.

17 What we're collecting, if you look at our
18 application there, is a little more expansive.
19 Where that has helped us, if we seem to be the one
20 agency that -- obviously, Corrections gets asked all
21 the time - How many folks are white? How many
22 people are African-American? We actually have
23 people asking for deeper data.

24 I'll tell you that Mr. Singh just recently had
25 a request about the East Indian population. For

1 lack of a better term, Mr. Singh has a standard
2 Indian, different Asian nationalities that we have
3 in our workforce. I'll tell you our workforce is a
4 little bit different than what you see in the
5 overall prison concept. So that is why we're
6 collecting that data.

7 I'm going to turn this over to Mr. Sly, and we
8 will go from there.

9 MR. SLY: Good morning. I'm Jeff Sly,
10 General Counsel for the Prison Industry Authority,
11 counsel for the Board.

12 Essentially a few years ago the IT program
13 needed to gather some information for the
14 certification programs for inmates as they were
15 getting various certifications for the jobs they
16 were learning. At that time the contractor required
17 specific personal identifying information in order
18 to be able to issue the certificates to the inmates.
19 They didn't just want to give them out. They wanted
20 to make sure they were giving them out to people who
21 were actually taking the courses and passing the
22 courses.

23 Back then, about three years ago, we
24 incorporated the application into your regulation,
25 which gave us the authority of law to require the

1 inmate to work for us to provide that information.
2 Over the last year or so the IT program has revised
3 their form. I gave you a copy of the old form and
4 the new form.

5 Mr. Pattillo pointed out a lot of the new
6 information that shows up on Page 5 has to do with
7 ethnicity information. And then on Page 5 of the
8 old application we did away with the instructions.

9 MR. PATTILLO: If you look at the
10 application in D2, the application.

11 MR. SLY: So, essentially, today we're here
12 because when they changed the form, they can't just
13 change the form that is part of a regulation. In
14 order to change that form you have to do it through
15 the regulatory approval process. So we're here
16 today to ask you to approve the new form which
17 modifies our Section 8004.2.

18 With that, I'll ask you, unless anybody has a
19 specific question, I'll just ask that you approve
20 that and also approve Mr. Pattillo to make any
21 non-substantive changes that AOL may have for this
22 as it goes through the process.

23 MEMBER MARTIN: I have a comment. I have
24 just a simple comment. I do want to point this out.
25 The new application does require the Social Security

1 to be included as part of the application. As we
2 all know, Social Security is a pretty sensitive
3 item.

4 In speaking to Mr. Pattillo, he said that all
5 of the applications will be handled by non-inmate
6 workers, which would be secure. Just thinking this
7 out, is that going to create an additional burden on
8 your staff getting these applications?

9 MR. PATTILLO: Mr. Martin, no. As you
10 know, this is happening -- there are already review
11 of the entire application. We're just adding one
12 field to it. It's just like we handle our own.
13 We're very secure with Social Security numbers. We
14 have our own HR. In addition, we handle the
15 complete workload for Medi-Cal statewide for
16 eyeglasses, and that is a Social Security driven
17 program, and we have yet to have an issue with that.
18 It won't cause any additional work for us.

19 MEMBER MARTIN: By having, like I
20 mentioned, having data to just have data doesn't
21 make sense. So, obviously, you explained having the
22 breakdown of different ethnicities helps various
23 departments. And I guess helps, you know, other
24 people request the data. But how is this new
25 application going to help the Department?

1 MR. PATTILLO: The only thing changing on
2 this application is just the Social Security.

3 MEMBER MARTIN: And the ethnicity.

4 MR. SLY: And the demographic ethnicity
5 information. That has to do with keeping the
6 workforce balance and that the balance matches
7 somewhat the ethnicity makeup of the prisons.

8 MR. PATTILLO: One of the questions that we
9 do get is: Can you tell me what the race makeup is?
10 And people ask for very deep at each institution.
11 So we are databasing it all for internal when people
12 are asking these questions.

13 There is also an issue about grants. Certain
14 grants require that you have a certain percentage of
15 race. And they get very detailed, also. We have to
16 do chasing a lot of grants, as many of you have
17 encouraged us to do. I think we are doing a little
18 bit more of that. The race data, ethnicity data
19 will help us with that.

20 MEMBER MARTIN: Social Security will help
21 get more grants?

22 MR. PATTILLO: The Social Security data is
23 -- some of you are going to have to remember back.
24 One of the criticisms by the State Auditor was that
25 we were not doing enough to monitor post-employment

1 by offenders that work for us. So we thought long
2 and hard about it. The only way we could figure out
3 how to do that, can't give them a postcard and say,
4 "When you get a job, send me a postcard." Just
5 doesn't work. It's the last thing on their mind
6 when they get out of prison.

7 What we did do, though, is we went to EDD. We
8 have a contract. We went and tested by Social
9 Security number to see what dollar amounts they were
10 on a quarterly basis reporting so we could figure
11 out who was actually working. Kind of couldn't make
12 it tell if we drilled down where they were working.
13 But, you know, if we wanted to get a range of this
14 guy is making \$10,000 a year and this guy was making
15 a million and a half and actually reporting it.

16 The problem that happened to us is we were not
17 personally checking the Social Security number data.
18 We were relying on the Department at the time, and
19 this is couple years ago. I know it's gotten
20 better. Our first test, we did a sampling to test
21 Social Security data, we had a 99 percent error.
22 And we ran the data frontward and backward. And
23 what we found is there is a lot of folks that may
24 have incorrect Social Security numbers in prison.
25 We haven't gone to that length to identify them.

1 They have a Social Security number that may not be
2 accurate. We may have folks in prison that are
3 subject to deportation.

4 But the Department's really gotten a lot more
5 focused on that in the last couple years. Also,
6 Social Security numbers are a big thing in the
7 underground economy. This, by verifying this
8 specific issue, we will insure our data is accurate
9 for us. Double verify. And we'll be able to run
10 E-Verify just like all businesses are required to
11 do. E-Verify is not something we talk about in
12 prison. It's just -- that's not -- we've got a
13 file, a Social Security number, and that's what the
14 guy's using.

15 There has been one case. We had an individual
16 in the dive program. He went to get his
17 transportation card so he could dive in the Long
18 Beach Harbor. It turned out that he'd been in
19 prison under an assumed name with an assumed Social
20 Security number the entire time. He'd been in the
21 country for a long time, too. That's the way that
22 they found out that he wasn't a citizen. We can
23 find that out.

24 And as you know, we are restricted from hiring
25 folks that are not legal to work in the United

1 States unless we have an exemption for a certain
2 reason. We do that in certain cases, such as the
3 dive program. Folks that are paroling into South
4 America, we purposely put a couple of folks in there
5 to identify to the Mexican government that this is a
6 program for them to replicate, the dive program.
7 That was the purpose we did. They both got employed
8 in Mexico when they got out.

9 That wasn't too long an answer. That's why it
10 is.

11 MEMBER MARTIN: Thank you.

12 MEMBER BUTLER: One comment and question I
13 have for you is that we, DGS, have raised ethnicity,
14 sexual orientation as part of the contracting. It
15 is voluntary. Different than you as to these
16 questions. But as part of that, we are given very
17 specific direction as to the law, as to what the
18 categories are that we should track or raise, and
19 for ethnicity. We found over time that those don't
20 really -- they haven't kept track with what we do
21 find in general states.

22 So the question I have for you: Was there
23 some kind of standard that you use to determine the
24 list of ethnicities that you have on your form? And
25 I notice that you treat -- I think you're treating

1 ethnicity the same as race. I can't tell -- can you
2 talk more about the thought practices that went into
3 that?

4 MR. PATTILLO: The sampling that went into
5 that, we looked at several locations. I think it
6 was Corcoran, Folsom, and maybe Lancaster. We
7 pulled the data on everybody we had working for us,
8 and that's how we came up with the list. We kept
9 the barriers there. If there was at least two of a
10 certain ethnicity or race, we're going to include
11 it. In some cases we just didn't have that. If we
12 had a one or two -- it was actually higher than two.
13 I think it was five. If we had five out of that
14 sample, we would put that on the list. If it was
15 less than five, we weren't going to track it.

16 It's amazing the wide array of ethnicities and
17 races that we have. Sub-ethnicities is a big issue
18 for us. You're right, you can't compel us versus
19 your side and our side. On the personnel side we
20 can't compel that.

21 MEMBER BUTLER: Is there any appetite to
22 seek out a standard, maybe through the federal
23 government or through the DEO, where you can get a
24 set of ethnicities and race classifications that is
25 used more typically? I think that what you have,

1 while very inclusive, you know, the compilation
2 could change in the next year or new categories can
3 come up with your initial samples. I'm just
4 wondering on the approach and whether there is an
5 agreed upon source that you might be able to go to.

6 MR. PATTILLO: There is on the EEO side.
7 What I suggest -- so correct me, Mr. Butler. You
8 guys -- the information I know on my own form how
9 many are we collecting now?

10 MEMBER BUTLER: In our list we have
11 race and ethnicity. I think five races and I think
12 six ethnicities. I'm not offering up ours as a
13 standard.

14 MR. PATTILLO: Yours is the same as ours.

15 MEMBER BUTLER: The government is really
16 all just laws. Really what I'm wondering about is
17 whether there is a better federal standard of
18 classifications.

19 MR. PATTILLO: Let's do this. One of the
20 things you're going to approve is for me to make
21 honest expansions in the changes. If we declare
22 that as a non-substantive change, we will do that.
23 We will look at the current standard which both you
24 and I are collecting on our employee contractors,
25 and then we'll find a national standard. We will

1 look at the better of that and include that as a
2 non-substantive change and report back in --

3 MR. SLY: January.

4 MR. PATTILLO: -- June. We will report
5 back on it. That could be a non-substantive change.

6 MR. SLY: I don't have anything more. So I
7 would ask the Board to approve this as we requested
8 in our recommendation.

9 CHAIR BEARD: Any comments from the public?
10 Seeing none, is there a motion to adopt this
11 amendment to Title 15?

12 MEMBER BUTLER: Let me make an amendment.
13 See if I can repeat back what Mr. Pattillo was
14 saying.

15 We would amend and adopt the proposal with the
16 ability for the Executive to make non-substantive
17 changes, including seeking out or finding out a
18 reliable standard. Perhaps the federal government
19 ethnicity or race classification.

20 CHAIR BEARD: Do I have a second?

21 MEMBER ALEGRIA: I will second the motion.

22 CHAIR BEARD: Board secretary call the
23 roll.

24 MS. VUONG: Member Alegria.

25 MEMBER ALEGRIA: Yes.

1 MS. VUONG: Member Butler.
2 MEMBER BUTLER: Aye.
3 MR. VUONG: Member Davidson.
4 MEMBER DAVIDSON: Yes.
5 MS. VUONG: Member Davison.
6 MEMBER DAVISON: Yes.
7 MS. VUONG: Member Martin.
8 MEMBER MARTIN: Aye.
9 MS. VUONG: Member Saito.
10 MEMBER SAITO: Aye.
11 MS. VUONG: Member Steeb.
12 MEMBER STEEB: Yes.
13 MS. VUONG: Member Trujillo.
14 MEMBER TRUJILLO: Yes.
15 MS. VUONG: Vice Chair Singh.
16 MEMBER SINGH: Yes.
17 MS. VUONG: Chair Beard.
18 CHAIR BEARD: Yes.
19 MS. VUONG: Ten-zero.
20 MR. PATTILLO: The motion carries on that.
21 Mrs. Singh, I should have turned around and
22 asked. She would have known answer. U.S. census
23 data is really what we should be modeling after for
24 the first part of it. What we will do when we get
25 that list, we'll send it out to everybody and see if

1 there is any objection to non-substantive changes.
2 It will be very quick.

3 MR. SLY: Finally, before I step down.
4 Each of you have received a copy of CALPIA's new
5 Title 15 book. I received it, a short print, in
6 advance of the printing that's taking place right
7 now for all the employees. You know you've been
8 approving regulations for us for several years now,
9 and this is a compilation of everything that has
10 been approved up to the end of this moth. All of
11 PIA staff will receive a copy of this in January
12 with a final printing that's completed.

13 I just wanted you guys to all see it. A few
14 years ago I gave you an initial copy to give you an
15 idea of where we were headed. I think that copy had
16 three or four regulations in it. This one's got
17 about 40. So we've been making some progress. I
18 wanted you to see what you do when you come to these
19 meetings and you approve these is actually taking
20 place. This is an example of it.

21 Thank you.

22 CHAIR BEARD: I guess we can move on to the
23 information items.

24 MR. PATTILLO: Information Item E is the
25 status of the audit. We've talked about it a couple

1 of times, the status of the audit, the financial
2 statements, fiscal year-end in 2015 and 2014.
3 Primary delay that I've talked about is OPEB. We
4 are now going to have to generally accepted
5 accounting standards for **. GASB 68 will require
6 us to acknowledge our portion of the pension
7 liability on our books. And so far this year it's
8 not an unfunded liability. That is the reason why
9 our net went up last year. It wasn't all true net
10 because of this allocation. But until the State
11 Auditor finishes, State Auditor and also finishes
12 auditing those numbers, we can't finish the audit.

13 The other thing that may change is when that
14 number changes, some of the costs get spread around.
15 Kind of get double billed on a couple of these for
16 the other agencies, like Finance and the
17 Controller's office. So our OPEB number may change
18 for the next year. That is something we won't
19 change until the end of the year, anyway.

20 This is just more of an information item
21 regarding the audit, asking you to discuss the
22 general provisions that we put in. And we put in
23 our unaudited financial statements in. There was a
24 14.7 million increase to our net position after last
25 year, having 8.0 million decrease to our net

1 positions. We kind of settled that out.

2 The primary increase, although, is from adding
3 the HFM Program and cost saving due to mostly
4 procurement. If we took our business with CDCR
5 alone, if we just had CDCR business alone, it
6 wouldn't be very profitable for us. We try to keep
7 those costs as low, as low, as low as possible. I'm
8 not saying we don't do that for other customers. In
9 some cases we've actually been in spot market for --

10 I'll give you an example, aluminum. So if
11 there was anybody out there that wanted to talk
12 about a price increase, a price decrease, was DMV.
13 We actually decreased some and in some areas went
14 up. We kind of smoothed that out by doing some
15 other services for DMV here and there that are
16 required of them. But profitability wise, CDCR
17 alone is not a great margin for us. Picking up some
18 of the manufacturing on other side, though,
19 non-CDCR, has done well.

20 Our furniture business is really going well.
21 Our general fabrication is not doing as well as we
22 would like it to. Luckily, we have some other
23 businesses that are doing well.

24 So this was an information item. We will see
25 the entire audit in January.

1 Any questions on it?

2 Our next item is --

3 CHAIR BEARD: Prison Industry Authority
4 final draft strategic business plan.

5 MR. PATTILLO: Some of you have actually
6 seen this multiple times. I want to thank the Board
7 because several of you got involved in the strategic
8 plan. We sent it out to you again. Obviously, we
9 sent it out 14 days ago. We sent it out about six
10 weeks before that to see if there were any changes.
11 I think Mr. Alegria called me with a minor one that
12 -- it wasn't a policy issue. It was I was missing a
13 couple words. I appreciate that. We hate putting
14 stuff out that doesn't make sense.

15 The basic strategic plan, we simplified it.
16 This is the third one we have done in the last 11
17 years. The first one we wanted to measure
18 everything. We found out how fun that was. The
19 second one pared it down a little bit more. This
20 time we actually worked with Sacramento State fairly
21 closely. Gary Bush, our CFO, ran this program for
22 us. It took us a little longer than we wanted, but
23 the interesting part, over 40 percent of our staff
24 participated in the survey, putting the input in.
25 We sent it back out to staff, and they put it back.

1 This was not done in a vacuum. Board Members
2 provided a lot of feedback.

3 We're talking about our four core goals -
4 reduce offender recidivism, maintaining
5 self-sufficiency, developing high performing staff
6 in the organization and increasing customer
7 satisfaction. Our biggest investment out of those
8 four is actually developing high performing staff.
9 We are putting significant amounts of money into
10 training. At the annual plan this year I anticipate
11 adding probably an additional half a million to
12 three-quarters of a million into training alone, so
13 we can maintain the staff that we need to have at
14 their best.

15 Ms. Davison and I talked sensibly yesterday
16 about positions and classifications. And what we've
17 got now is we give everybody a year. Once you get
18 the job, you've got a year, and there's required
19 training in there. If you change positions, guess
20 what, there's more training that you've got to go
21 through. We have some required training every year
22 - inmate staff relations, PREA, sexual harassment,
23 defensive driving. A couple of us need that.

24 So it's a very simplified strategic plan. We
25 will start reporting within a year on the data that

1 we're collecting to see what the differences are. A
2 couple of you that work for state agencies must have
3 gotten to your staff because we had some calls from
4 your training sections, your strategic planning
5 sections, asking if there was any copyright. You
6 can have anything you want.

7 Is there any questions on this?

8 MEMBER ALEGRIA: I have a question. First,
9 I'm particularly passionate about item number three,
10 increasing the percentage of vacant offender
11 positions in the CALPIA programs. This is just kind
12 of the framework you plan for the next five years.
13 But it seems like the appropriate time to ask the
14 question in terms of what are some of the barriers
15 we are encountering and some of the tactics we are
16 employing in the short term to hopefully reduce
17 that?

18 MR. PATTILLO: Reduce the vacancy rate?

19 MEMBER ALEGRIA: Right.

20 MR. PATTILLO: The first one we look at is
21 moving programs to where -- a lot of those require
22 minimum support areas, lower level offenders that we
23 don't really have in the prison system anymore.

24 Those programs, we try to move them inside.

25 The second piece was working with every

1 individual institution. We have folks that
2 previously probably couldn't come outside the gates,
3 and they are looking at them very closely. They're
4 not lower on the point of doing anything like that
5 but we're making security adjustments to allow those
6 folks to come out. I'll give you an example.

7 If any of you come out to Folsom lately, we
8 have 68 females offenders that are working right in
9 that small compound there. A couple years ago that
10 wouldn't have been the case. Most of them couldn't
11 have come out of the wall at the FWF. What we did
12 do is we have to have two officers there. So the
13 Department picks up one and we pick up one. The
14 requirement is that if we have officer they can come
15 out. These kind of things. The changes that we
16 talked about with the fire program. That may
17 provide some more.

18 Working with wardens. We have some great
19 wardens that have figured out ways to get inmates to
20 us. Carl Wofford, warden at Avenal -- just retired.
21 What we hear all the time. He was able to get us
22 inmates for our processing plant outside. Before we
23 couldn't get it done. So it's always part of the
24 institution. They have to want to get it done. And
25 so we do everything we can to help them get it done.

1 A couple examples.

2 MEMBER ALEGRIA: Thank you.

3 MEMBER MARTIN: I have a quick comment. In
4 just looking at your strategic business plan, have
5 you given any more thought to going deeper into it
6 and expanding on what industry or what you could do
7 to increase some of these items to help facilitate
8 some of you goals that you have in here? And not
9 looking at it in not just a three-, five-, ten-year
10 plan because some things, as we all know, state
11 process takes time. It doesn't happen in three
12 years.

13 MR. PATTILLO: Basically asking how we're
14 speeding up everything?

15 MEMBER MARTIN: I guess what my question is
16 is: Strategically have you gone in -- I know we
17 looked at the budget three years. And you're saying
18 we are expanding this next year and expanding this
19 next year. I'm looking at what other parts of the
20 market, what other agencies, what else can you sell?
21 Looking at a strategic plan as to -- when I do a
22 strategic plan for my company, three, five, ten
23 years and 20 years is still [unintelligible]. A
24 five-year plan changes a year later, but if you have
25 a plan, you at least have a guideline where you want

1 to go and what business you want to expand into.

2 MR. PATTILLO: We look at it as almost a
3 sales process, a prospect you qualify. You contact
4 those. That's kind of the process we use on the
5 whole, big picture. One of the things we are
6 looking at is expanding what we have already because
7 we don't think we have completely captured the
8 market on a couple things.

9 Food packaging. We are not able to service
10 the entire state on that product. It's a huge
11 demand. Almonds. For example, we don't have enough
12 almonds to cover our program. Bread. We don't have
13 enough bread to cover the state. Those kinds of
14 things. So we know there is areas we are deficient
15 in. We are looking at those first, to expand out.

16 In addition to that, outside the state is
17 areas where we are also looking. For us most of the
18 outside-the-state is stuff that is low distribution
19 cost. We're not selling modular buildings to Texas.
20 When do a lot of business with surrounding states.

21 Other customers. As we've tried to expand our
22 nonprofit base, we have very limited areas out
23 there. The county base is one we are looking at
24 with the jails. The counties are also the ones
25 trying to buy food. We don't have enough volume to

1 service them because CDCR is first, our primary
2 customer, except when it comes to license plates.

3 So we have a long list of things we're trying.
4 As you know, you try everything and hope some of it
5 sticks. Some of it has stuck. I would appreciate
6 -- we also talk off-line about this. As you said,
7 you wanted to get more involved in. You are about a
8 mile from us.

9 MEMBER MARTIN: My only additional comment
10 was that, as we all know, that is all in your head
11 and someone else's head. Is there something in
12 writing that includes strategic ideas that you have?
13 God forbid you get hit and all those ideas go away.
14 I'm just looking for something in writing to where
15 we can look and go, okay, these are the strategic
16 areas that maybe we want to expand into.

17 MR. PATTILLO: There are. God hope Walker
18 and I don't get hit at the same time. There is.
19 There is actually backup to every section in there.
20 Such as sales and marketing, they actually have a
21 sales and marketing plan that comes off of this. I
22 will get you that data, also.

23 MR. WALKER: We have a product development
24 process. That is kind of what we use when we start
25 talking about new products. There is still a lot of

1 opportunities in our core confidencies to expand.
2 We are trying to focus on that first. The most
3 expected business gets the most out of the
4 infrastructure they currently have versus building
5 new infrastructure.

6 But he also mentioned there is still a lot of
7 room for growth in CDCR. We do look at products and
8 all that development that he mentioned. One
9 downstream also has a unique plan for that area.

10 MEMBER MARTIN: Thank you.

11 MR. PATTILLO: Any other questions?

12 I am going to have Mr. Bechtold, Rusty
13 Bechtold, come up. Rusty is the branch manager over
14 the industry employment program, career technical
15 education, and our free and joint venture programs.

16 MR. BECHTOLD: Good morning, Mr. Chair,
17 Board Members. My name is Rusty Bechtold. I work
18 for CALPIA, Prison Industry Authority, administrator
19 for the workforce development program which Chuck
20 had mentioned in regards to our industry employment
21 program, joint venture, free venture, and our career
22 technical education.

23 Most of the topics, I guess, already have been
24 discussed today. I'll try to bring some sort of
25 organization of what we're referring to.

1 First, lost hours, Section G. There's a lot
2 of detail in that binder in regards to our lost
3 hours in our organization. I'll try to quickly just
4 sum up some of the highlights for you and answer any
5 questions that you have.

6 Our total lost hours for the first quarter of
7 '15-16 are up about 12 percent. Primarily
8 attributed to the industry related category which
9 came up 33 percent in the first quarter. The
10 explanation for that is that we anticipate in fiscal
11 year ending plan to have certain positions available
12 out there in the field at four or five designated
13 areas. And at this point those are not starting to
14 come to fruition. So we've adjusted those numbers
15 in the midyear plan to bring those numbers down. We
16 should see that particular category significantly
17 adjust over the next few quarters. Then, again,
18 adjust this whole lost hours.

19 Some of the things you will see in the total
20 lost hours are made up that we talked about are
21 custody, ducats, vacancy rates, that he talked about
22 earlier. And some other categories that are just
23 minute adjustments.

24 I do want to point out that we like to measure
25 the actual paid hours because that measures how much

1 time the inmates are actually being trained and are
2 affected by our programs and our certificates.
3 That's up 10 percent in the first quarter. So we're
4 on a great trajectory. Over the last four quarters
5 we've been up double digits for the last four
6 quarters in the amount of hours that the offenders
7 are actually being paid to do the work.

8 Moving to Section H. I want to talk about the
9 accredited external certifications. CALPIA
10 currently, as of the first quarter, we have 129
11 accredited external certifications available to the
12 offenders. Right now, currently, in the first
13 quarter we have 1,309 enrolled for the first
14 quarter. If you compare that over last four
15 quarters, up about 15 percent increase over time.
16 So we're in the right trajectory with regards to the
17 number of offenders that are enrolled in the
18 programs, as well. On average for Fiscal Year
19 '13-14 was about a little over a thousand per
20 quarter [unintelligible].

21 On the proficiency certificates that we offer
22 in addition to the accredited certifications, in the
23 first quarter we have 138. That is slightly down in
24 regards to the normal ones we have entered into
25 that. I had expected over the next three quarters

1 for that to be leveling out and to maintain our
2 level of 200 or so per quarter.

3 The proficiency certifications. If you're not
4 familiar with them, they just demonstrate skills,
5 knowledge and ability. We use the SOC codes to
6 develop tests and exams in order for them to take
7 and advance in their jobs. Not only do they have to
8 be there to do the job, but we have to be sure that
9 they are actually knowledgeable about what they do
10 instead of just filling a seat for 1,500 hours. We
11 want to make sure they can demonstrate, based upon
12 occupational codes, when they leave that they can
13 actually talk intelligently and perform their duties
14 like they should.

15 Finally, on the last section, a report on the
16 GED or high school equivalency status. The Office
17 of Correctional Education is moving towards the term
18 "high school equivalency" because they're starting
19 to introduce other exams. I didn't realize this,
20 but GED is a brand name. It's not necessarily
21 specific type of graduations. That was news to me.
22 So we're going to try to incorporate that, the high
23 school equivalency, along with the GED.

24 Right now the average assigned offenders for
25 the first quarter was 4,812 assigned. 77 percent of

1 those possessed a GED or high school equivalency
2 that were working for PIA; 4 percent of those are in
3 the process of obtaining that GED or high school
4 equivalency. About 19 percent of those do not
5 possess or are not in the process of at that
6 particular time.

7 If you mapped out over the last four quarters,
8 we're on a projectory of going up in regards to
9 having our offenders have a GED or high school
10 equivalency. That's our goal. We just want to make
11 sure they succeed in not only job training, but to
12 ensure they have the education.

13 That concludes my presentation. If the Board
14 Members or Chair have any questions, I will be happy
15 to answer any of those.

16 MEMBER ALEGRIA: I have a question. What
17 is some of the action being taken for the 19 percent
18 of inmates who don't possess GED at this time?

19 MR. BECHTOLD: One of things we do is
20 encourage them by pay. They can't advance to a
21 certain pay range unless they get that. Some of
22 other things that makes up that number are just
23 offenders that are new in the process and haven't
24 started in obtaining the GED, or they could be
25 working for six months and just haven't started that

1 process. They have two years to start that.

2 MEMBER ALEGRIA: Thank you.

3 MR. BECHTOLD: Anyone else?

4 Thank you.

5 CHAIR BEARD: Thank you.

6 We'll move on to external affairs/legislative
7 update which will presented by Michele Kane.

8 MS. KANE: Good Morning, Mr. Chair and
9 Board Members. I am Michelle Kane, Chief of
10 External Affairs for CALPIA.

11 We received a lot of national press attention,
12 and I sent to you some of the articles, as well as I
13 am sure they were sent to you by Chuck.

14 A few of the highlights. As Chuck mentioned,
15 just last week we hosted our graduation for our
16 Code.7370 program at San Quentin State Prison. In
17 October we had Facebook founder and CEO, Mark
18 Zuckerberg, visit Code.7370. That drew a lot of
19 positive media attention. We thank Vice Chair Singh
20 for helping us with that tour.

21 CALPIA has been in the news not only for our
22 computer coding program, but also for our Autodesk
23 authorized training center program, the CAD program
24 at Folsom for the female offenders. And I do want
25 to thank Vice Chair Singh, Board Member Steeb, as

1 well as Board Member Dawn Davison for attending that
2 event.

3 We had USA Today, NBC, CBS. We had ABC News,
4 Fox. We have been well-received in the media
5 spotlight. So it's nice to see and it's nice to see
6 that we're making national headlines.

7 Looking ahead, we are planning three
8 graduations for the upcoming year. Mark them on
9 your calendar. It's going to be in the spring,
10 including ones at CIW, FWF and CIM. CIW is going to
11 be in April. FWF, we're hoping for May, nice May
12 graduation, and CIM in June.

13 We will be holding another meeting in January,
14 as Chuck mentioned. It will be a phone meeting, and
15 you will be needed at either location. We are
16 hoping to set up a location in Southern California
17 as well as in northern California. And then we will
18 be going over those CALPIA reports to the
19 Legislature as well as the audit.

20 That pretty much does it for me. With that
21 said, happy holidays.

22 CHAIR BEARD: Thank you.

23 MR. PATTILLO: The number that Rusty did
24 quickly, but 77 percent of our folks have a GED
25 already. That's kind of -- that's a pretty high

1 number when you look to the general pop. But as Mr.
2 Beard and I have discussed, a lot of times we have
3 folks that come to us that have a lot of background
4 already, but they also may need something like drug
5 treatment. I don't even know what the percentage
6 is. Like 80 percent have substance abuse.

7 CHAIR BEARD: At least 70 percent.

8 MR. PATTILLO: So what we've done to
9 accommodate that, like with the GED, we're now
10 offering with the Department of Corrections a
11 substantive treatment, half-time program, for some
12 of our folks that want to work and still go to
13 substance abuse treatment. That one pilot will be
14 opening up at Folsom here shortly. That 77 percent
15 overall is pretty impressive.

16 The other issue that he mentioned was, talking
17 with Mr. Alegria, if they don't get it in two years,
18 they are excluded from the program. We have that in
19 code in the Board of Prisons. There is an exemption
20 for the people that take longer than two years. If
21 you can demonstrate that you're doing it, we'll give
22 you a waiver.

23 I think with that, that is it, except for
24 asking for public comment.

25 CHAIR BEARD: Right. Now this portion of

1 the meeting is reserved for public comment. Do we
2 have anybody from the public that has turned in any
3 cards or anything?

4 MS. VUONG: No.

5 CHAIR BEARD: No.

6 MR. PATTILLO: I have one other thing. I
7 have two issues here that I want to address.

8 Mr. Singh, Darshan Singh, is now the longest
9 serving member in one period of time, 20 years he's
10 been on the Board. We all know Mr. Greenstone had
11 50 years, but he never had 20 years straight. His
12 joke was that he'd gotten fired four times by
13 various appointing authorities.

14 So I want to congratulate Mr. Singh, also.
15 If you can come up, Mr. Singh, with the Secretary,
16 we would like get a picture with the plaque. Read
17 it out loud here. It says:

18 In recognition of your 20 years of
19 voluntary service with the State of
20 California, the State of California
21 owes a debt that can never be repaid.

22 (Reading)

23 One other thing. Unless we have another Board
24 meeting this is actually Secretary Beard's last
25 Board meeting. He announced publicly, I think, two

1 weeks ago that he will be -- I don't think he's
2 retiring. I'm not going to use that word. I'm sure
3 you're going to be doing something else. He's been
4 here with us for three years. We have a nice plaque
5 here. Jeffrey A. Beard, Ph.D., Secretary from 2012
6 to 2015. Almost exactly three years to the day:

7 In appreciation of your dedication to
8 the State of California, the California
9 Department of Corrections and
10 Rehabilitation in your unwavering
11 support of CALPIA, it says
12 congratulations on your retirement.

13 (Reading)

14 But I am not sure that is accurate.

15 I do want to say thank you to Secretary Beard.
16 If it wasn't for him, we wouldn't have gotten \$2.6
17 million in the support of the CTE program. He's
18 helped us out a lot on the movements of people,
19 places and programs. All I have to say, if there's
20 someone we're having a problem with, all I have to
21 say is, "I can talk to the Secretary about this if
22 that would be an issue." That usually is enough to
23 get it done.

24 So I want to say thank you very much, sir.

25 CHAIR BEARD: Thank you.

1 MR. PATTILLO: Thank you. Thank you very
2 much.

3 CHAIR BEARD: Thank you.

4 Well, it's been a pleasure. And most of you
5 have been on this Board the entire time I have been
6 here. There are some new members that came on,
7 including one that just started for the first
8 meeting. I am think you are doing a lot of really
9 valuable work because you're really helping drive
10 PIA forward and help with the inmates and lower the
11 recidivism.

12 Our job is really about public safety. And I
13 always say that one of our core public safety
14 missions is to do something constructive with these
15 people that are with us for a period of time. So
16 that when they go out they're better citizens,
17 better prepared to go into the community. The work
18 that PIA does engenders that very concept.

19 So I want to thank you all for the time that
20 you give. I say that in the beginning of each
21 meeting, but I really mean that because you're
22 taking time out of your life to do this. It's
23 important, and it's important work.

24 So thank you very much, and it's been a
25 pleasure.

1 So, again, this completes the Board meeting
2 for December 17th. Is there a motion to adjourn
3 the meeting?

4 MEMBER SINGH: So moved.

5 MR. TRUJILLO: Second.

6 CHAIR BEARD: All in favor.

7 Opposed.

8 None. This concludes the meeting at 11:37.

9 (Public meeting concluded at 11:37 a.m.)

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REPORTER'S CERTIFICATE

STATE OF CALIFORNIA)
) ss.
COUNTY OF SACRAMENTO)

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

That I thereafter caused my shorthand writing to be reduced to printed format, and the pages numbered 3 through 79 herein constitute a complete, true and correct record of the proceedings.

IN WITNESS WHEREOF, I have subscribed this certificate at Sacramento, California, on this 15 day of January, 2016.

ESTHER F. SCHWARTZ
CSR NO. 1564