



CALPIA

REPORT TO THE LEGISLATURE FY 2017–18

- ★ *QUALITY PRODUCTS*
- ★ *CHANGED LIVES*
- ★ *A SAFER CALIFORNIA*

Gavin Newsom

Governor
State of California

California Prison Industry Board

Ralph Diaz, Chair
Secretary
California Department of Corrections and Rehabilitation

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Executive Officer

The Prison Industry Board's Fiscal Year 2017–18 Report to the Legislature regarding the California Prison Industry Authority (CALPIA) is submitted pursuant to Chapter 1549, Statutes of 1982, as embodied in paragraph 2808(k) of the California Penal Code, requiring the Board to report to the Legislature in writing on or before February 1 of each year regarding the following:

1. The financial activity and condition of each enterprise under its jurisdiction;
2. The plans of the board regarding any significant changes in existing operations;
3. The plans of the board regarding the development of new enterprises; and
4. A breakdown, by institution, of the number of prisoners at each institution, working in enterprises under the jurisdiction of the authority, said number to indicate the number of prisoners who are not working full time.

* (S) Statutory Appointee (A) Assembly Appointee (G) Governor's Appointee (SR) Senate Rules Committee Appointee





The California Prison Industry Board discuss action items at a meeting

Committed to Public Safety

The Prison Industry Board

The Prison Industry Board (Board) was established in 1983, pursuant to Chapter 1549, Statutes of 1982, to oversee the California Prison Industry Authority (CALPIA). The same legislation reconstituted the former California Correctional Industries Commission as today's CALPIA.

The Board oversees CALPIA operations, much like a corporate board of directors. It sets general policy for CALPIA, oversees the performance of existing CALPIA industries, determines which new industries shall be established, and appoints and monitors the performance of CALPIA's Chief Executive Officer/General Manager. The Prison Industry Board also serves as a public hearing body, ensuring CALPIA enterprises are both self-sufficient and do not have an adverse impact on the private sector. The Board actively solicits public input for the decisions it makes to expand existing, or develop new, prison industries.

On July 1, 2005, pursuant to the passage of Senate Bill 737, the California Department of Corrections and Rehabilitation (CDCR) underwent reorganization. Under the reorganization, CALPIA was to continue its existence within CDCR but as a separate entity, with the General Manager being the hiring authority for all CALPIA employees.

CALPIA Statutory Objectives¹

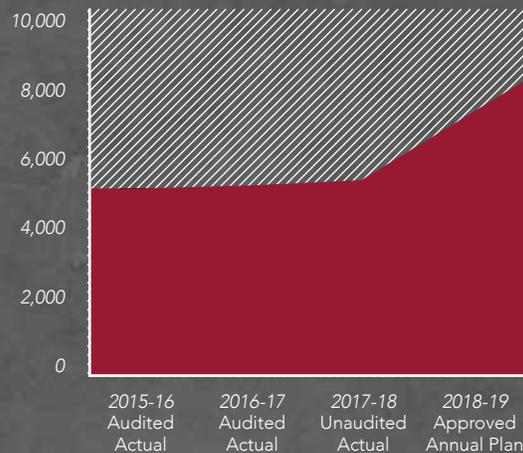
- To develop and operate industrial, agricultural and service enterprises that provide work opportunities for offenders under the jurisdiction of the CDCR and serve government agencies with products and services commensurate with their needs.
- To create and maintain working conditions within CALPIA enterprises as much as possible like those which prevail in private industry, to assure assigned offenders the opportunity to work productively to earn funds, and to acquire or improve effective work habits or occupational skills.
- To operate work programs for offenders that are self-supporting through the generation of sufficient funds from the sale of products and services to pay all its expenses, thereby avoiding the cost of alternative offender programming by CDCR. CALPIA receives no annual appropriation from the Legislature.

1. Penal Code Section 2800-2818

CALPIA Mission Statement

CALPIA is a self supporting, customer focused business that reduces recidivism, increases prison safety, and enhances public safety by providing offenders productive work and training opportunities.

Number of Offender Assignments by Fiscal Year



Source: Offender Assignments (page 36)

CALPIA Program Goal

CALPIA's program goal supports CDCR's public safety mission by producing offenders who have job skills, good work habits, basic education and job support in the community, so that, when they are released, they never return to prison. CALPIA offenders receive industry-accredited certifications that employers seek.

Does CALPIA Work?

Yes. Over a three-year period, beginning in Fiscal Year (FY) 2008-09, CALPIA participants returned to prison, on average, 26% to 38% less often than offenders released from the CDCR general population. The lower recidivism rate has saved the State General Fund millions of dollars of incarceration costs every year². Additionally, CALPIA's Career Technical Education (CTE) programs have some of the lowest recidivism rates in the country, with a cumulative return-to-prison rate of 7.13%³. In 2019, CALPIA will report the recidivism among offenders who have participated in CALPIA programs between 2014-2016.

2. CALPIA Economic Impact Report FY 2012-13
www.calpia.ca.gov/news/publications/economic-impact-report-2012-13/

3. Prison Industry Board CTE Report FY 2007-2008 to FY 2010-2011
www.calpia.ca.gov/news/publications/cte-education-assessment-report-fy-2007-2008-to-2010-2011/

Does CALPIA Save the State Money?

Yes. CALPIA's offender programming saves the State General Fund millions of dollars annually through lower recidivism. It also saves CDCR millions of dollars by providing over 8,000 alternatively funded programming slots for offenders that CDCR does not have to fund.

To achieve its mission, CALPIA has established four main strategic and business goals:

1. Reduce Offender Recidivism
2. Maintain Self-Sufficiency
3. Develop High Performing Staff and Organization
4. Increase Customer Satisfaction



CALPIA will expand the Optical Manufacturing Enterprise

Correctional Industries

CALPIA manages more than 100 manufacturing, service and consumable enterprises in 35 CDCR institutions, with more than 8,000 offender assignments in manufacturing, agricultural, consumable, service and support functions, including warehouse and administration. CALPIA's administrative offices are in Folsom, California.

The goods and services produced by CALPIA's enterprises are sold predominately to departments of the State of California and other government entities. CDCR is CALPIA's largest customer. It accounted for \$155.0 million (64.3%)

of all sales in FY 2017–18, \$138.2 million (59.2%) of all sales in FY 2016–17, and \$130.6 million (59.7%) of all sales in FY 2015–16.

Other major State customers include the Department of Motor Vehicles, the Department of State Hospitals, the Department of Healthcare Services, the Department of Transportation, the Department of Forestry and Fire Protection, the California Highway Patrol, the Department of Veterans Affairs, the Department of General Services, the California Military Department, and the California Department of Parks and Recreation.



Folsom Women's Facility May 2018 graduation

Career Technical Education

CALPIA established its CTE program⁴ in 2006. The program began as a pre-apprenticeship program with instruction administered by journeyman instructors under contract from local trade labor unions, representing Carpentry, Construction Labor and Iron Working. When released, program graduates can obtain employment in their specific apprenticeship fields. CALPIA provides graduates trade tools and pays their first year of union dues.

The CTE program grew to include Marine Technology (Deep Sea Diving) and Facilities Maintenance, and in 2014 CALPIA added a technology component to its CTE portfolio, with Autodesk Computer-Aided Design (AutoCAD) and Computer Coding (Code.7370). In 2016 and 2017, CALPIA added Culinary Arts Management and Pre-Apprentice Roofing. The Governor's 2015–16 Budget Act included \$2.6 million in CDCR's base budget for rehabilitative program contracts with CALPIA. In 2017, CDCR and CALPIA entered into additional CTE development and operations agreements for an additional \$3.3 million.

To date, CALPIA's CTE program has been one of the most effective rehabilitation programs in the United States. Since 2006, more than 2,000 offenders have graduated with an accreditation from a CALPIA CTE program. In 2012, the Prison Industry Board approved an assessment report of CALPIA's CTE program, using offender data

gathered from FYs 2007–08 through 2010–11. The report shows, cumulatively, that CALPIA's CTE graduates from that time period have an overall recidivism rate of 7.13%. The full study is available on CALPIA's website at calpia.ca.gov. CALPIA currently has an independent third-party follow-up study in progress to update the recidivism data for 2014–16.

4. Under Penal Code Section 2805, CALPIA may initiate and develop new vocational training programs as well as assume jurisdiction over existing vocational training programs

The CALPIA's CTE program offers training in the following fields:

1. Carpentry
2. Iron Working
3. Construction Labor
4. Commercial Diving
5. Facilities Maintenance
6. AutoCAD (Computer-Aided Design)
7. Code.7370 (Computer Coding)
8. Culinary
9. Roofing

Joint and Free Venture Program

On behalf of CDCR, CALPIA manages California's Joint and Free Venture Programs. The Joint and Free Venture Programs were established in 1990 with the passage of Proposition 139, "The Prison Inmate Labor Initiative." The initiative created rehabilitative opportunities for offenders in both adult institutions and juvenile facilities to gain valuable work experience and job-skills training.

The Joint Venture Program (JVP) operates in California's adult correctional institutions and the Free Venture Program (FVP) operates in California's juvenile facilities. Offenders work for private companies while serving their time and are able to earn comparable industry wages. The programs are available to businesses that plan to expand, open a new enterprise or division, return from offshore, or relocate to California from another state. Both programs prepare offenders for successful reintegration into the community. As of October 2012, local government correctional facilities could also participate in the JVP.

The wages an offender earns through the Joint and Free Venture Programs are subject to deductions for room and board, crime victim restitution, prisoner family support, trust account, and mandatory offender savings for release. In addition, offender-employees pay federal and state taxes. State law mandates the deduction of 20% of the offenders' net wages to compensate programs that benefit victims of crimes. The JVP disbursed more than \$60,798 for crime victim restitution in FY 2016-17.

Industry Employment Program

The Industry Employment Program (IEP) enhances the ability of offenders to obtain meaningful jobs upon release. IEP helps offenders successfully transition from prison to the community and the workforce. The program is a vital part of CALPIA's efforts to reduce recidivism and contribute to safer communities.

Through IEP, CALPIA offender-workers are evaluated for improvement in job skills, education, experience and work habits. IEP provides offenders access to nationally-accredited certifications, Federal and State apprenticeship certifications, and internal skill proficiency certificates.

All CALPIA offenders must earn a high school diploma or equivalency within two years of joining CALPIA to continue participating in CALPIA programs.

IEP provides transition-to-employment services and information. An appointment at the Department of Motor Vehicles is arranged to provide valid identification within a week after release. In FY 2017-18, IEP began applying for and acquiring duplicate birth certificates for released offenders born in California. Information and request forms are provided for a Social Security card, out-of-state birth certificate, child support and veteran's benefits. IEP also provides offenders and their families access to a statewide community resource guide to help them successfully transition home.



Industry Employment Program
enhancing opportunities for successful reentry

FUTURE MEASUREMENT OF RECIDIVISM

In 2017, CALPIA began collecting return-to-custody data of CALPIA participants. CALPIA is utilizing the services of an independent research university to compile and assess the data. This measurement will provide both CALPIA

and the public the most accurate evaluation of the recidivism rate among participants of both traditional CALPIA correctional industry programs and CTE programs. The study is scheduled to be finalized by May 2019.



Participants at Folsom State Prison receive recognition for journey-level apprenticeships for the first time in California

State and Federal Apprenticeships

For the first time in California prisons, offenders can achieve full apprenticeships while working for CALPIA. Through a partnership with the United States Department of Labor and the California Department of Industrial Relations, CALPIA has established an apprenticeship system within CDCR institutions.

The journey-level certification qualifies offenders for meaningful employment once released. By December 31, 2018, apprenticeship opportunities were made available at every CDCR institution with more than 5,000 offenders to be registered as journeypersons.



“Expanding apprenticeships to skilled workers inside our correctional facilities provides hope and opportunities to offenders when they leave prison. We want the men and women who return to their communities to be successful, which in turn reduces recidivism and increases public safety.”

— CDCR Secretary Ralph Diaz

Accredited Certifications

CALPIA invests in curriculum for offenders, offering more than 127 nationally-recognized accredited certifications, such as AutoCAD, computer coding, dental technology, food handling, laundry, agriculture, welding, metal-stamping, industrial safety and health, electrical systems, mechanical systems, and maintenance. CALPIA offenders may also earn certificates of proficiency in occupational disciplines to validate skills and abilities obtained during their time employed by CALPIA.

In FY 2017–18, 556 CALPIA participants received a certificate of proficiency and/or Standard Occupational Code Proficiency certification, and 7,677 participants successfully completed an accredited certification program — a 69% overall increase from FY 2016–17. The expansion of the General Facilities Maintenance and Repair program to all institutions helped produce the increased numbers, along with IEP's enrollment of all CALPIA offenders into TPC Training Systems course 109.1 Industrial Safety and Health.

American Board of Opticianry

- Optician

American Welding Society

- Gas Metal Arc Welding (GMAW-1Mig)
- Gas Tungsten Arc Welding (GTAW-1Tig)
- Gas Tungsten Arc Welding (GTAW-2)
- Gas Tungsten Arc Welding (GTAW-3)

Association for Linen Management

- Certified Linen Technician
- Certified Washroom Technician
- Certified Laundry Linen Manager

CA Department of Food & Agriculture

- Pasteurizer License
- Sampler/Weigher License

Career Technical 7370 Computer Coding

- 7370 Computer Coding Track 1
- 7370 Computer Coding Track 2
- 7370 Coding Track 2
- 7370 Computer Design Track

Career Technical AutoCAD

- AutoCAD Drafting
- Inventor
- Revit

Career Technical Carpentry

- Core-Classroom Curriculum

Career Technical Culinary

- Intro to Culinary Arts/Culinary Sanitation and Safety
- Culinary Customer Service
- Food Theory and Preparation/Financial Management
- Quantity Food Production/Purchasing

Career Technical Ironworker

- Core-Classroom Curriculum

Career Technical Laborers

- Lead Worker/Mentor Training

Career Technical Diving

- Commercial Welder Course Program
- Dive Top Side Tender Course Program
- Commercial Diver/Commercial Dive Inspection

Electronics Technicians Association

- Customer Service Specialist
- Certified Electronics Technician
- Journeyman (Industrial)

Accredited Certifications continued on pages 8 and 9

Accredited Certifications continued...

Career Technical Roofing

- Core-Classroom Curriculum

Electronics Technicians Association

- Customer Service Specialist
- Certified Electronics Technician
- Journeyman (Industrial)

Library of Congress – Braille

- Literary Transcribing
- Literary Proofreading
- Mathematics Transcribing
- Mathematics Proofreading
- Music Transcribing

National Braille Association

- Braille Formats
- Textbook Formatting

National Institute of Metalworking Skills

- Machining, Level I
- Metal Forming, Level I
- Metal Stamping, Level II

National Restaurant Association

- ServSafe Essentials
- ServSafe Food Handler

**North American Technician Excellence
Installation and Service for:**

- Air Conditioning
- Air Distribution
- Heat Pumps
- Gas Heat
- Oil Heat

Overton Safety Training, Inc.

- Warehouse/Pallet Jack Forklift
- Construction Forklift

Printing Industries of America

- Sheet-fed Offset Press
- Web Offset Press
- Bindery
- Pre-Press

Productivity Training Corporation

- Dental Technician

Stiles Machinery Inc.

- Intermediate Weeke Machining

TCP Training Systems

**Type: Fundamentals/Core Competencies
(Series 100)**

- 101 Reading Blueprints
- 102 Reading Schematics and Symbols
- 103 Mathematics in the Plant
- 104 Making Measurements
- 105 Metals in the Plant
- 106 Nonmetals in the Plant
- 107 Hand Tools
- 108 Portable Power Tools
- 109.1 Industrial Safety and Health
- 110 Troubleshooting Skills

Type: Electrical Systems

(Series 200)

- 201 Basic Electricity and Electronics
- 202 Batteries and DC Circuits
- 203 Transformers and AC Circuits
- 204.1 Electrical Measuring Instruments
- 205.1 Electrical Safety and Protection
- 206 DC Equipment and Controls
- 207 Single Phase Motors
- 208 Three Phase Systems
- 209 AC Control Equipment
- 210 Electrical Troubleshooting
- 211 Electrical Safety – Understanding NFPA 70E

Type: Mechanical System

(Series 300)

- 301 Basic Mechanics
- 302 Lubricants and Lubrication
- 303.1 Power Transmission Equipment
- 304 Bearings
- 305 Pumps
- 306 Piping Systems
- 307 Basic Hydraulics
- 308 Hydraulic Troubleshooting
- 309 Basic Pneumatics
- 310 Pneumatic Troubleshooting

Type: Packaging Machinery

(Series 310)

- 311 Introduction to Packaging
- 312 Packaging Machinery
- 313 Casing Machinery

Type: Machine Shop Practices

(Series 320)

- 315 Machine Shop Practice
- 316 Machine Shop Turning Operations
- 317 Machine Shop Shaping Operations
- 323 Machine Shop Job Analysis
- 324 Lathe-Turning Work Between Centers
- 325 Lathe-Machining Work in a Chuck
- 326 Basic Milling Practices
- 327 Indexed Milling Procedures
- 328 Multiple-Machine Procedures

Type: Mechanical Maintenance Applications

(Series 340)

- 341 Mechanical Drive Maintenance
- 342 Mechanical and Fluid Drive Systems
- 343 Bearing and Shaft Seal Maintenance
- 344 Pump Installation and Maintenance
- 345 Maintenance Pipefitting
- 346 Tubing and Hose System Maintenance
- 347 Valve Maintenance & Piping System Protection

Type: Building and Grounds

(Series 360)

- 361 Introduction to Carpentry
- 362 Constructing the Building Shell
- 363 Finishing the Building Interior
- 364 Structural Painting
- 366 Flat Roof Maintenance
- 367 Plumbing Systems Maintenance
- 375 Landscaping Maintenance

Type: Welding

(Series 420)

- 416 Blueprint Reading for Welders
- 417 Welding Principles
- 418 Oxyfuel Operations
- 419 Arc Welding Operations

Type: Custodial Maintenance

(Series 450)

- 451 Cleaning Chemicals
- 452 Floors and Floor Care Equipment
- 453 Maintaining Floors and Other Surfaces
- 454 Restroom Care
- 455 Carpet and Upholstery Care

“ CALPIA invests in...
offering more than 127
nationally-recognized
accredited certifications ”



Training Highlights

Expansion of Rehabilitative Programs

At its June 28, 2018 meeting, the Board approved \$14.6 million for CALPIA to expand CTE programs as part of the agency’s \$256.2 million budget for FY 2018–19. The funds enabled CALPIA to expand its CTE portfolio by implementing 17 new programs, for a total of 45 CTE programs. Programs that CALPIA will establish or expand include:

Code.7370

Code.7370, or Computer Coding, is an 18-month, technology-based training program that operates under the supervision of CALPIA instructors, technology business professionals and volunteers with the San Francisco-based nonprofit organization The Last Mile. Offenders learn basic computer skills, coding instruction, and website and application design. The Code.7370 program curriculum utilizes proprietary program architecture to simulate a live coding environment without internet access. In 2014, CALPIA’s Code.7370 program started at San Quentin State Prison. In FY 2017–18, it expanded to Pelican Bay State Prison, the California Institution for Women, and the Ventura Youth Correctional Facility. In 2019, CALPIA will expand Code.7370 to the O.H. Close Youth Correctional Facility.

AutoCAD

CALPIA’s AutoCAD program curriculum includes instruction in CAD, Revit, and Inventor. This three- to 12-month technology-based training program is the first of its kind in the nation, since it is the only Autodesk Authorized Training Center (ATC) at a state prison. The AutoCAD program based at the Folsom Women’s Facility provides industry-accredited certifications. The certifications earned by graduates help them obtain jobs in architectural, mechanical and engineering fields. In FY 2017–18, CALPIA expanded AutoCAD to Pelican Bay State Prison, and in 2019 the program will be offered at San Quentin State Prison.

“By working with journey-level professionals, participants learn the highly marketable skills of a trade, set the groundwork for future employment through the trade unions, and work toward a long-lasting, meaningful career.”

—Curtis Kelly, Prison Industry Board Member and Northern California Carpenters Regional Council District Manager

Right (top): Former Code.7370 graduates return to share their success stories at San Quentin State Prison

Bottom: Prison Industry Board member Dawn Davison admires a coding project at the California Institution for Women

Opposite Page (bottom): Instructor Misty Dyas helps an offender complete AutoCad project at the Folsom Women’s Facility







Commercial Diving Program at the California Institution for Men



Above: CALPIA Pre-Apprentice Roofing program at Folsom State Prison



Left: CALPIA Pre-Apprentice Construction Laborer works on a support beam

Pre-Apprentice Roofing

This three-month training program operates under the supervision of CALPIA instructors and journeymen affiliated with the United Union of Roofers, Waterproofers and Allied Workers. Offenders will learn principles of general safety, roofing repair, and familiarity with tools and materials of the trade. Graduates of the program may ultimately obtain employment with the union upon release. This program is offered at Folsom State Prison, California State Prison-Solano, San Quentin State Prison, California Correctional Institution, and Wasco State Prison.

Pre-Apprentice Construction Labor

This six-month offender training program works under the supervision of journeyman professionals from the Northern and Southern California Construction and General Laborers Unions. Pre-Apprentice Construction Labor graduates earn accredited certifications and are eligible for placement in full-scale apprenticeship programs upon release. This program is operating at Folsom State Prison, the Folsom Women's Facility, the California Institution for Women, San Quentin State Prison, the California Institution for Men, the Central California Women's Facility, and the O.H. Close Youth Correctional Facility.

Pre-Apprentice Carpentry

This six-month training program operates under the supervision of journeyman professionals working with the Northern and Southern California Carpenters Unions. Offenders learn blueprint reading, framing and general carpentry skills. After completion of training, graduates are eligible for placement in full-scale apprenticeship programs. This program is operating at the Folsom Women's Facility, the California Institution for Women, Folsom State Prison, the Central California Women's Facility and the California Medical Facility.

Pre-Apprentice Iron Worker

CALPIA's Iron Worker program is a six-month apprentice training program under the supervision of journey-level professionals working with the International Association of Bridge, Structural, Ornamental and Reinforcing Iron Workers Union. The union instructors provide training in a diverse curriculum which includes everything from welding and metal work to blueprint reading. Graduates are eligible for placement to continue their full-scale apprenticeship programs until completion. The Pre-Apprentice Iron Worker program is operating at Folsom State Prison.

Culinary

The Culinary Arts Management program started at the Folsom Women's Facility in FY 2016-17. CALPIA partners with Cosumnes River College, and graduates earn up to 13 college credits. This six to 12-month program offers courses in Introduction to Culinary Arts Management, Culinary Sanitation and Safety, Quantity Food Production, Food Theory and Preparation, and Culinary Customer Service.

Viticulture Training Program

CALPIA plans to establish a new CTE offender training program in viticulture at Correctional Training Facility in Soledad. The Viticulture program will provide training opportunities for offenders in all aspects of vineyard planning and management. The full curriculum will be administered in partnership with Hartnell Community College.

“CALPIA's Iron Worker program is a six-month apprentice training program under the supervision of journey-level professionals working with the International Association of Bridge, Structural, Ornamental and Reinforcing Iron Workers Union.”



Left: An offender works on metal products at California State Prison, Solano

Opposite (top): Women work together as part of CALPIA's Culinary program at Folsom Women's Facility

Opposite (bottom): CALPIA Culinary program at Folsom Women's Facility offers college credits





Representatives from CALPIA, CDCR, and The Last Mile open new Code.7370 program at San Quentin State Prison

Opening of Darshan Singh Technology Training Center

In 2018, CALPIA opened the Darshan Singh Technology Training Center at San Quentin State Prison. Singh, who is the Vice-Chair of the Board, was instrumental in supporting rehabilitative opportunities in the Bay Area. Business leaders from Google, Microsoft, the Chan Zuckerberg Initiative, Alibaba and Slack, along with Grammy Award-winning musical icon MC Hammer, participated in the opening of the new 20,000

square-foot Training Center and Demo Day event. This groundbreaking event was made possible by a public/private partnership between The Last Mile, CALPIA and CDCR. The event showcased the remarkable talent coming from within California prison walls. Offenders met with business leaders and demonstrated their projects and skills learned in Code.7370.

Financial Activity of CALPIA

Financial Activity

In February 2019, accounting firm Macias Gini & O’Connell (MGO) is expected to issue its audit report of CALPIA’s financial statements for FY 2017–18. FY 2017–18 unaudited financial data does not include CALPIA’s year-end adjustments for Other Post Employment Benefits other than pensions (OPEB), pension liability, and Senate Bill 84, pending final release from the State Controller’s Office (SCO).

Financial Overview

CALPIA recorded a gain in net position of \$9.2 million in FY 2017–18 and a loss in net position of \$53.9 million in FY 2016–17. The difference between the two fiscal years primarily results from a \$62.6 million cash transfer by the Department of Finance from the Prison Industry Revolving Fund to the General Fund during FY 2016–17, contributing to a significant increase in expenses and a financial loss for CALPIA.

In FY 2017-18, CALPIA revenues increased by \$7.6 million, or 3.3%, from FY 2016–17 to \$241.2 million. Gross profit increased by \$2.1 million to \$62.0 million, consistent with the increase in revenue.

The FY 2018–19 CALPIA Annual Plan predicts revenues of \$256.2 million, an increase of \$15.0 million from FY 2017–18. The budget also anticipates a net position gain of \$3.5 million, compared to the \$9.2 million gain in FY 2017–18.

Statement of Net Position

CALPIA’s Statement of Net Position at June 30, 2018, reflects current assets of \$111.4 million, which is approximately six times greater than current liabilities of \$18.0 million, and approximately 0.7 times the amount of total liabilities of \$170.0 million. These ratios are financial indicators that CALPIA is well-positioned to meet its short-term and long-term obligations and is equally well-positioned to expand work and training opportunities for offenders.

CALPIA remains optimistic about the future

of successful business enterprises, supported by a dedicated and qualified workforce, working in partnership with satisfied customers that create the best opportunities for the rehabilitation of offender workers.

Offender Positions

For FY 2018–19, CALPIA’s Annual Plan includes 8,088 offender positions.

Civil Service Positions

In FY 2018–19, CALPIA anticipates having 1,269 civil service positions, a 1.8% increase from the previous year. The increase is due to the expansion of CALPIA programs.



Top: Mack Jenkins and Michele Steeb, Prison Industry Board members

Bottom: Bill Davidson and Felipe Martin, Prison Industry Board members

Successful Outcomes

CALPIA wants the men and women in its programs to be successful and never return to prison. CALPIA ensures offenders have job skills, good work habits, basic education, and job support when they are released. Offenders receive industry-accredited

certifications that translate to employment. Thousands of offenders have received training through CALPIA, and those men and women now have jobs in the community. Here are some of the success stories.

Vera Salcedo

Vera Salcedo graduated from CALPIA's Pre-Apprentice Carpentry program at the California Institution for Women. She was hired in Southern California by a large construction firm. Currently, she is part of the Southwest Regional Council of Carpenters Union and works as the site safety officer.

"I have six children and I knew if I kept doing what I did before prison I wouldn't have a future. The pre-apprentice program provided me the opportunity to change my life for the better. My kids now say they are proud of me."

— Vera Salcedo



Billy Pham

Billy Pham graduated as a commercial diver and underwater welder from CALPIA's Leonard Greenstone Marine Technology Training Center at the California Institution for Men. He was released in 2006 and now manages Muldoon Marine Services.

"The dive program not only taught me responsibility and how to become a diver, but how to be a man and be productive to society. If it wasn't for this CALPIA program I would probably end up dead or back in prison somewhere."

— Billy Pham



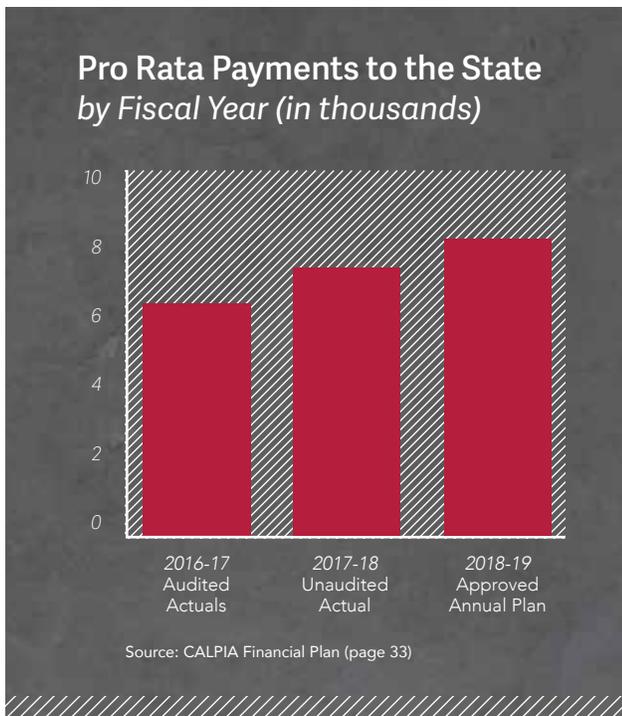


"I have faced a lot of adversity in my life, but coding gave me a different approach to solving problems. This helped me take control of my life and kept me on a positive path."

— Jason Jones

Jason Jones

Jason Jones graduated from CALPIA's Code.7370 at San Quentin State Prison and then worked in the Joint Venture Program, The Last Mile Works. After being released, Jason was hired by Fandom as a Software Developer.



Pro Rata Payments to the State

CALPIA receives no Budget Act appropriation. However, CALPIA must pay the State a pro rata share of overall costs of State services (Legislature, Department of Finance, Controller, Treasurer, etc.). CALPIA's FY 2017–18 actual pro rata payment was \$7.3 million and is anticipated to be \$8.1 million for FY 2018–19, an increase of \$0.8 million.

Other Post Employment Benefits (Other Than Pensions)

Under Governmental Accounting Standards Board (GASB) Statement No. 45 (GASB 45), Accounting and Financial Reporting by Employers for Other Post Employment Benefits (OPEB), the State is required to recognize the cost of retiree health benefit programs on an accrual basis. The State Controller's Office (SCO), administers GASB 45 accounting requirements for the State of California. Per the FY 2017-18 Budget Act, CALPIA is not required to fund its OPEB liability; however, CALPIA is required by GASB to reflect its proportionate share of OPEB in its financial statements. Beginning FY 2017–18, GASB 75 goes into effect which requires the full OPEB liability to be recognized on the balance sheet rather than the Net OPEB Obligation (NOO). Financial statements will reflect

the new OPEB liability once SCO releases this information.

GASB 68, Accounting and Financial Reporting for Pensions

Effective FY 2014–15, GASB Statement No. 68, Accounting and Financial Reporting for Pensions, issued an amendment to GASB Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, which requires state and local governments to report their Net Pension Liability (NPL). The primary objective of GASB 68 is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers related to financial support for pensions provided by other entities. GASB 68 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions, with the purpose of providing decision-useful information, supporting assessments of accountability, and creating additional transparency. Financial statements will reflect NPL once the audit is finalized.



*General Facilities Maintenance and Repair
at the Folsom Women's Facility*

Significant Impacts

Offender Vacancies

CALPIA continues to experience vacancies in its training programs due to the continuing shift of the CDCR adult offender population at institutions, as well as recent voter propositions. CALPIA works closely with CDCR to ensure any potential impacts to CALPIA enterprises are minimized and that training and employment opportunities are maximized. In FY 2017–18, the average monthly vacancy for CALPIA offender positions was 2,414 positions statewide, or 31.2%.

CALPIA Not Obligated to Fund OPEB or NPL

Since FY 2006–07, CALPIA had accrued its OPEB liability on an annual actuarial basis, as apportioned by the SCO. However, unlike any other State agency, CALPIA took the additional step of funding its OPEB liability annually through an appropriation by the Prison Industry Board. On June 30, 2016, the SCO calculated CALPIA's share of this unfunded liability to be \$62.6 million. On February 10, 2017, the SCO transferred the \$62.6 million from the Prison Industry Revolving Fund to the General Fund. The transfer was approved by the Department of Finance, contributing to an increase in expenses and causing a loss for CALPIA. The Department of Finance opined that CALPIA is not obligated in the future to fund either OPEB or NPL. Financial statements will reflect OPEB and NPL once the audit is finalized.

Application of State Sales Tax

Per the Board of Equalization, and unlike any other manufacturer, CALPIA pays sales tax on purchases of raw materials. CALPIA paid over \$5.4 million in Sales and Use Tax to its vendors in FY 2017–18, a 4.4% decrease from FY 2016–17. CALPIA does not charge State customers sales tax on their purchases.

Cash for Designated Liabilities

CALPIA has maintained cash levels to meet liabilities including, OPEB, NPL, accrued employee vacation, and workers compensation liabilities.

However, beginning FY 2017–18, CALPIA no longer sets aside funds for OPEB or NPL unfunded liabilities, as instructed by the Department of Finance, which has opined that CALPIA is not obligated to fund these specific liabilities.

CALPIA Does Not Set State Employee Wages

For FY 2017–18, the California Department of Human Resources (CalHR) approved a 4.0% General Salary Increase (GSI) for excluded, non-statutory exempt employees. Bargaining Units 9, 2, and 10 received a GSI of 2.0%, 5.0%, and 2.0%, respectively. Service Employees International Union (SEIU) and International Union of Operating Engineers (IUOE) members received a GSI of 4.0%, except for Bargaining Unit 12, which received a 3.5% increase. The combined estimated increase in CALPIA's salary expense is \$2.4 million.

For FY 2018-19, a 4.0% GSI was approved through the collective bargaining process and by CalHR for those employees excluded from collective bargaining. Bargaining Units 2 and 12 will receive a GSI of 5.0% and 3.5%-4.0%, respectively. The combined estimated increase in CALPIA's salary expense will total \$2.4 million.

For FY 2019–20, employee salary adjustments are estimated to increase CALPIA's expense by \$2.4 million.

State Sales Tax

UNLIKE ANY OTHER MANUFACTURER,
CALPIA PAYS SALES TAX ON
PURCHASES OF RAW MATERIALS

CALPIA PAID OVER \$5.4 MILLION IN SALES
AND USE TAX TO ITS VENDORS

CALPIA DOES NOT CHARGE
STATE CUSTOMERS SALES TAX

Significant Future Changes

Expansion of Optical

CALPIA will establish a new Optical Manufacturing Enterprise at the Central California Women's Facility (CCWF). The new lab will accommodate anticipated growth in the Optical workload due to the restoration in January 2020 of the State of California's Medi-Cal optional eyewear benefits program. CALPIA currently operates two optical laboratories at Valley State Prison and California State Prison, Solano. Those two labs produce glasses for Medi-Cal participants that include children and adults who are either pregnant or reside in skilled nursing facilities. The additional lab will ensure CALPIA can meet the optical demand with the restoration of the Medi-Cal adult benefits. CALPIA's optical enterprise will provide an estimated 140 offender positions and replaces the Fabric Enterprise at CCWF. The new optical lab is expected to be operational by Fall 2019.

Expansion of Digital Services

In 2018, the Board approved the expansion of the Digital Services Enterprise (DSE) to include an additional location at San Quentin State Prison. The expansion allows for Digital Services to provide technology services and website accessibility to government agencies, departments, commissions, boards and councils. There is one DSE location at Folsom State Prison. The DSE helps tax-supported agencies provide services that include Geographic Information Systems, Braille transcription and closed captioning. Assembly Bill 434 strengthened existing mandates related to access for persons with disabilities to information found on websites of State agencies. The expansion will create more offender training positions, and training will be provided in coordination with CALPIA's successful Code.7370 program at the prison, which provides technology training in coding, software engineering, and website and logo design.

Expansion of Tech Programs

CALPIA continues to expand technology programs at additional prisons. At its June 28, 2018 meeting, the Board approved an additional \$2.0 million to invest in CTE program expansions, for a total of \$14.6 million. The new program expansions include Code.7370 and AutoCAD. CALPIA partners with CDCR, The Last Mile, and software provider Autodesk to make great strides in inserting technology into offender rehabilitative programs. Expanding technology programs is an integral part of the State's efforts to bring offenders into the 21st century prior to their release. CALPIA continues to expand Code.7370 and AutoCAD at various institutions, providing more real-world tech training to offenders.



The optical automation equipment at California State Prison, Solano helps offenders learn latest technologies

Enterprise Improvements

Optical Automation

CALPIA has moved toward providing automation equipment in the Optical enterprise. The Optical lab at the California State Prison-Solano recently installed a fully automated lens surfacing solution. Offenders are receiving training on day-to-day maintenance and operation of this new equipment, which is available at major optical labs all over the world. The Optical lab at Valley State Prison also will have fully automated equipment solutions in lens surfacing and finishing, with installations to be completed by January of 2019. Automation is rapidly growing in optical eyewear manufacturing operations. Moving toward automation will greatly help offenders obtain post-release employment. Offenders in the Optical lab will learn not only conventional methods, but the latest and most prevalent technologies of automation, helping them build a well-rounded resume.

General Facilities Maintenance and Repair

The General Facilities Maintenance and Repair program now operates in 34 CDCR institutions. The program provides more than 400 offender assignments statewide. CALPIA received Board approval to activate this new statewide CTE program. A six-month training program utilizing recognized accredited source material, the General Facilities Maintenance and Repair program provides offenders up to 21 weeks of milestone credits and utilizes work orders in healthcare facilities for practical application. Upon graduation from the program, trained offenders can be assigned to CDCR's Plant Operations and Inmate Ward Labor programs to help institutions address needed infrastructural repairs in a cost-effective manner.

Healthcare Facilities Maintenance

CALPIA's Healthcare Facilities Maintenance (HFM) program continues to expand as more healthcare space and projects have been added. The HFM program trains offenders to clean the healthcare facilities in all CDCR institutions. Its mission is to



CALPIA's Optical Lab at California State Prison, Solano

clean the facilities at a hospital level while teaching transferable job skills to offenders. The HFM program is growing to support CDCR's Healthcare Facility Improvement Projects, an endeavor making needed renovations and additions to existing healthcare facilities within the institutions. CALPIA also provides ongoing training and auditing services for the California Healthcare Facility in Stockton. This includes training of civil service custodians and 20 offenders on HFM-approved policies and procedures to meet the International Organization for Standardization (ISO) standards.

Water Conservation for Laundry

CALPIA's Laundry enterprise continues to operate more efficiently and reduce its environmental impact. CALPIA committed to new laundry water reclamation projects at five CDCR institutions: the California Men's Colony, the Richard J. Donovan Correctional Facility, Wasco State Prison, California State Prison-Corcoran, and California State Prison-Lancaster. The new systems reclaim approximately 60%–65%, or more than 35 million gallons, of waste water annually produced by CALPIA laundry operations. CALPIA completed fully operational water reclamation at two CDCR locations in FY 2017–18 and demonstrated full water savings immediately.

New Products

Metal Products

CALPIA Metal Products continued to see overall strong sales revenue in FY 2017–18. Metal volume was driven by CDCR’s ongoing Healthcare Facility Improvement Project, along with the huge output of vehicle conversions moving through CALPIA’s Vehicle Operating Unit located at California State Prison, Solano. Nearly 300 inmate transport vans, SUV’s, K9 units and sedans were outfitted to meet CDCR design requirements. Another chief contributor to the increase in metal products was the Department of the Military’s purchases for projects to replace and upgrade the furniture in barracks at several active camps throughout California.

License Plates

CALPIA’s long-term relationship with the Department of Motor Vehicles continued to flourish in FY 2017–18. Both organizations achieved record license plate revenue as new car sales and specialty plate sales bolstered the growth. The Legacy Plate option for vehicles exceeded sales forecasts, as many Californians made the choice to display the “vintage inspired” black and yellow plates from the past on their new vehicles. In FY 2017–18, the Legacy Plate accounted for more than 10% of unit sales and 13% of total revenue. A continued strong pace of Legacy Plate sales is expected in FY 2018–19. Another new and exciting California specialty plate promoting Breast Cancer awareness became available in 2017.

Furniture

CALPIA continues to support the ergonomic needs of State employees by selling height-adjustable tables. Adjustable tables promote standing for part of the day to improve energy and reduce fatigue. The new square profile edge banding with matching color tops provides sleek attractive styling. Technology options include modesty panels, wire managers and monitor arms. CALPIA sells height-adjustable tables both as a stand-alone product and as part of the space planning of cubicles, meeting the goal of the Department of General Services for delivering office spaces and cubicles of the future. In addition, CALPIA



CALPIA’s new Electric Height Adjustable Table

introduced new multipurpose seating and tables to meet the increasing demand for flexible, versatile multi-use environments. The new chairs come with a variety of options and updated designs. Flip top tables come in a variety sizes and colors. The flip mechanism is easy to use, and the tables can be locked in an upright position for easy storage.

Sustainability in Products and Manufacturing

CALPIA maintains the highest standard of certification for sustainability issued by the Business and Institutional Furniture Manufacturers Association (BIFMA). CALPIA’s Manufactured Systems Furniture lines of Century Systems and Legion were both awarded level® pursuant to BIFMA’s evaluation and certification system for environmentally-preferable and socially-responsible office furniture. The level® program has three performance tiers: level® 1, 2, and 3. The higher the number, the more criteria that must be met. In 2017, CALPIA progressed from level® 1 to level® 2. Also, CALPIA’s systems furniture and Height Adjustable Table line achieved the most transparent Indoor Air Quality (IAQ) standard for furniture building: SCS Indoor Advantage Gold.



The new product line provides a high-quality cleaning option

Carpet Care

CALPIA added new environmentally friendly carpet care products to its existing California Green cleaning product line. A well-maintained floor surface is important to the efficiency of any organization. The new product line provides a high-quality cleaning option which includes Extractor/Bonnet Cleaner Concentrate, Non-Selective Carpet Spotter and Traffic Lane Pre-Spray. These products are for use on commercial carpet and upholstery.

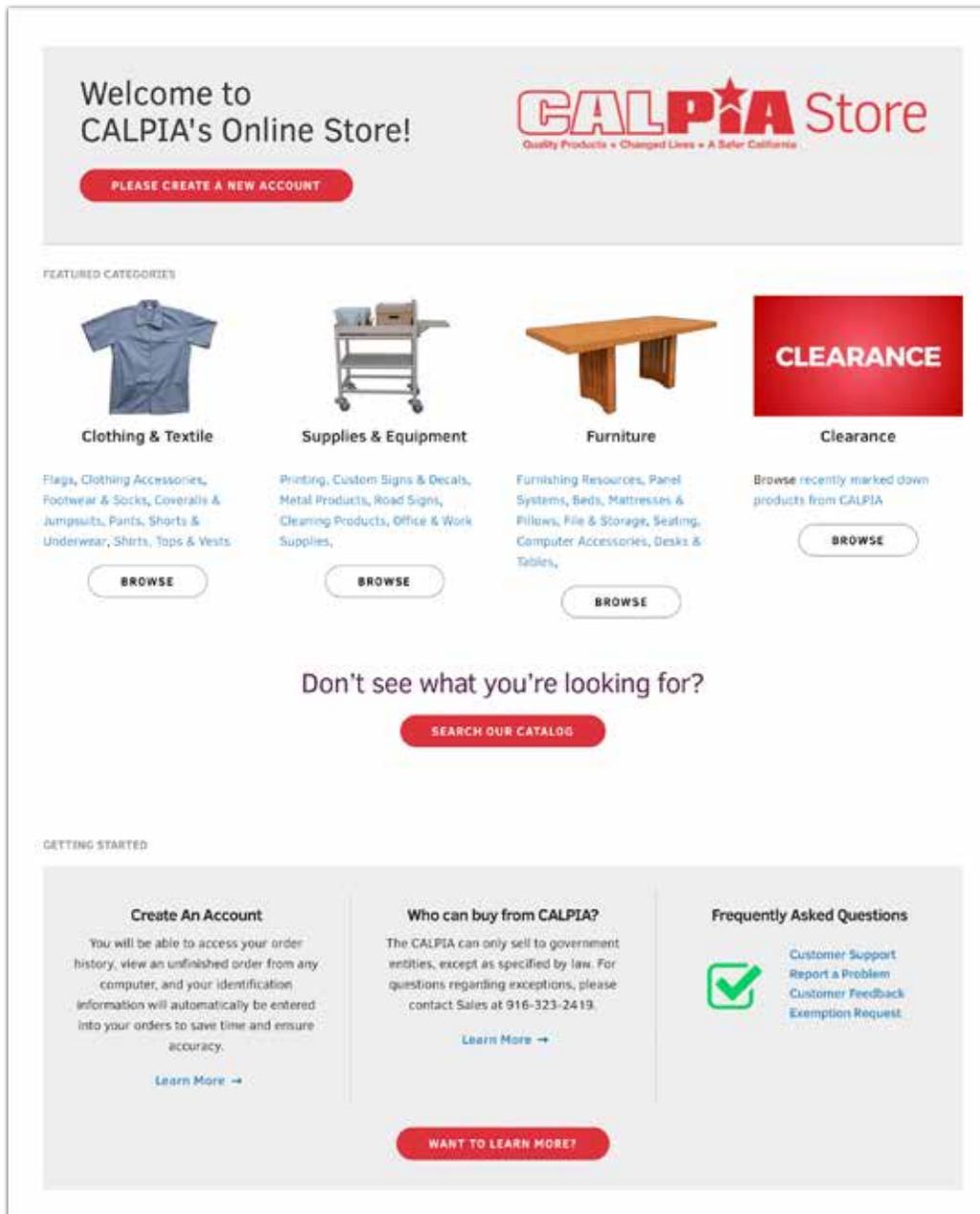
Fabric

CALPIA worked with CDCR's Division of Adult Institutions to produce new coveralls for maintenance and carpentry workers. These new coveralls meet the new standard for Bargaining Unit 12 and are offered in white and brown with many features. In addition, CALPIA worked with CALFIRE to produce new garments that are at the forefront of wildland firefighting technology. The new dual compliant work and tactical style pants provide increased comfort and exceed the National Fire Protection Association (NFPA) requirements for protecting firefighters from the inherent hazards related to wildland firefighting.



Top: CALPIA environmentally friendly commercial carpet and upholstery cleaner

Right: New CALFIRE garments available



Improved Processes

New Website/Online Store

In FY 2017–18, CALPIA launched its newly renovated websites for CALPIA, its Joint Venture Program (JVP) and its Online Store. The modernized websites offer a clean design, with new features and improved functionality to enhance CALPIA's content. The new websites are easily navigated on different web browsers and mobile devices to provide each visitor easier access to information

about CALPIA. The new store makes it easier for customers to purchase more than 7,000 CALPIA products using new features such as swatch options for color selections, featured product categories, and a new My Account section where customers can create quotes and review orders. CALPIA is constantly providing updates to the website content. Visit the new website at calpia.ca.gov.

Strategic Business Plan

In January 2016, CALPIA launched a refresh of its Strategic Business Plan for the period 2016–2021. The plan sets the course for reaching future goals based on CALPIA’s mission and core values. To view a copy of CALPIA’s 2016–2021 Plan, please visit www.calpia.ca.gov/about/2016-2021-calpia-strategic-business-plan/.

Salesforce

In 2016, CALPIA purchased Salesforce Sales Cloud licenses to enhance internal and external communication with customers, provide the Sales team with mobile agility, increase productivity and improve analytical data for management. In 2017, the project expanded and was split into three phases. In 2018, the transition target for the entire Sales team to use Salesforce Service Cloud and deliver a successful implementation was met. The new environment has enhanced the business processes of the Sales team and will provide a smooth transition into the second phase of the project: Customer Service team implementation.

One-Stop Shop Hiring

CALPIA’s Human Resources Office continues to be at the forefront of changes related to recruitment strategies. CALPIA participated in the Statewide Recruiter’s Roundtable with multiple other agencies. CALPIA was the first agency to successfully implement one-stop shop hiring. CALPIA recruiters conduct hiring and recruitment events where attendees can take online examinations, be interviewed for vacant positions, receive a tentative job offer, and have their live scan fingerprinting done before they leave. This groundbreaking process allows CALPIA to find and hire the most qualified candidates in a much more streamlined process than other agencies.

Project Management Office

In 2018, CALPIA developed an enterprise-wide Project Management Office, whose mission is to establish a framework for successfully executing projects and programs through the implementation of best practices, standardization of processes, and a centralized project management tool. In addition to supporting project execution efforts at CALPIA’s



CALPIA 2016–21 Strategic Plan



CALPIA hosts job fairs

Improved Processes continued...

Central Office, the project managers work directly with staff in every institution across the state. The Project Management Office leads the strategic planning efforts for CALPIA.

ACA Accreditation

CALPIA gained accreditation by the American Correctional Association (ACA) in January 2018. CALPIA achieved 100% compliance for all standards assessed. The audit assessed CALPIA operations and processes based on national standards that represent fundamental correctional industries best practices. These best practices ensure staff and inmate safety and security, enhance staff morale, improve record maintenance and data management capabilities, help protect the agency against litigation and improve the function of the agency at all levels.

ISO Certification

CALPIA is one of three state correctional industries in the nation certified by the International Organization for Standardization (ISO). ISO sets international standards and best practices to ensure product and service continuity. Founded in 1947, ISO is a worldwide federation of national standards bodies from 162 countries, with one standards body representing each member country. The United States is represented by the American National Standards Institute (ANSI). The ISO member organizations collaborate in the development and promotion of international standards.

CALPIA incorporates the ISO 9001:2015 Quality Management System standard into its business practices to ensure effective provision of services and products to its customers and stakeholders. ISO utilizes a risk-based thinking model and strategic tools to anticipate and prevent problems, increase productivity, eliminate waste and errors, confirm intended results are achieved, and, above all, ensure the continual improvement of CALPIA business processes.

Currently, CALPIA is ISO 9001:2015 certified in the following business lines: modular office furniture, wood and dormitory furniture, modular buildings, cleaning products, mattresses, textiles, wildland fire protection apparel, and the management of its Healthcare Facilities Maintenance program. In FY 2018–2019, CALPIA will obtain ISO certification for its Laundry Services enterprise.



Healthcare Facilities Maintenance at the California Training Facility

CALPIA ISO 9001:2015 Certifications:

- Modular Office Furniture
- Wood and Dormitory Furniture
- Modular Buildings
- Cleaning Products
- Mattresses
- Textiles
- Wildland Fire Protection Apparel
- Healthcare Facilities Maintenance



E-Waste

In support of the Governor's and Legislature's goal of 75% recycling, composting or source reduction of solid waste by 2020, CALPIA started a computer-recycling and refurbishing program. This program provides California State agencies and departments a comprehensive, seamless solution for disposing of e-waste. The CALPIA E-Waste program is certified to international standards, including: ISO 14001, Environmental Management; OHSAS 18001, Health and Safety; and R2, Responsible Recycling. These certifications emphasize quality, safety, environmental performance and transparency. In 2018, the CALPIA E-Waste program added a second regional recycling facility to better meet the needs of its governmental customers.

Lean Manufacturing

CALPIA continues training and implementation of Lean Manufacturing in various enterprises, including the furniture enterprises at San Quentin State Prison and Avenal State Prison.

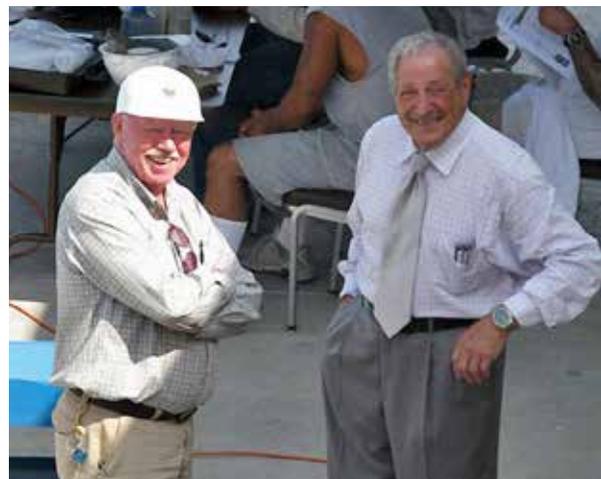
Lean Manufacturing is a process-improvement system that identifies and eliminates waste, understands customer needs, analyzes business processes and institutes proper measurement methods.

CALPIA participants at the Leonard Greenstone Memorial Marine Technology Training Center



Rededication of Leonard Greenstone Memorial Marine Technology Training Center

In 2018, CALPIA held a rededication ceremony for the newly remodeled Marine Technology Training Center at the California Institution for Men. In partnership with CDCR and the Association of Diving Contractors International, the Commercial Dive program is one of the most successful rehabilitation programs in the country. The center was rededicated to Leonard Greenstone, a former Navy salvage diver, who founded the program and supported the prison dive school for over 50 years until his passing in 2012. The Commercial Dive program provides training related to the offshore oil industry and other types of marine related work. Former inmates are employed in well-paying jobs in commercial diving, underwater construction, dam repair, welding, and underwater salvage and recovery.



Former Commercial Diver and Instructor Fred Johnson enjoys a moment with Leonard Greenstone

Summary of Prison Industry Board Action Items – 2018

MEETING DATE	ITEM NUMBER	ACTION ITEMS
01/29/18	18-0129-396-AI	A California Prison Industry Authority's Report to the Legislature, Fiscal Year 2016-17
06/28/18	18-0628-397-AI	A Approval of CALPIA's Proposed Annual Plan for Fiscal Year 2018–19
	18-0628-398-AI	B Approval of CALPIA's Designation of Cash to Support Fiscal Year 2017–18 Annual Plan
	18-0628-399-AI	C Vehicle Procurement Authority: Request for Support of Legislative Amendment to Government Code Section 13332.09, "Provisions Applicable to Appropriations of Funds"
	18-0628-400-AI	D Inmate Work Assignments: Request to Amend Regulations: Title 15, Division 8, Section 8004.2, "Inmate Recruitment and Hiring Process"
	18-0628-401-AI	E Safe Work Environments: Request to Amend/Add Regulations Under Title 15, Division 8, "California Prison Industry Authority: Scope of Authority"
10/25/18	18-1025-402-AI	A Optical Enterprise: Establishment of Additional Optical Laboratory (Central California Women's Facility)
	18-1025-403-AI	B Digital Services Enterprise: Additional Location & Services (San Quentin State Prison)
	18-1025-404-AI	C CALPIA Inmate Worker Hiring Standards and Requirements: Request to Amend Regulations: Title 15, Division 8, Section 8004.1
	18-1025-405-AI	D CALPIA Inmate Pay Rates, Schedule and Movement: Request to Amend Regulations: Title 15, Division 8, Section 8006"
12/28/18	18-1218-406-AI	A Approval of CALPIA's Proposed Mid-Year Revise for Fiscal Year 2018-2019
	18-1218-407-AI	B Approval of Designation of Cash to Support CALPIA's Fiscal Year 2018-2019 Mid-Year Revise Budget Proposal
	18-1218-408-AI	C Approval of Proposed Legislation to Amend Penal Code Section 2933.3 to Authorize CALPIA Participants to Earn 2-for-1 Credit
	18-1218-409-AI	D Add Regulations: Title 15, Division 8.5, Section 8903, "Settlement Authority"

Summary of Prison Industry Board Action Items – 2018

MEETING DATE	ITEM NUMBER	ACTION ITEMS
12/28/18	18-1218-410-AI	E Add Regulations: Title 15, Section 8.5, Section 8905, "Incentive Compensation Authority"
	18-1218-411-AI	F Amend CDCR Department Operations Manual: Section 51110.3, Article II, "Administrative Officer of the Day"
	18-0628-399-AI	G Approval of Proposed Pay Increase for Healthcare Facilities Maintenance Custodial Classifications



Prison Industry Board members

Financial Plan (In Thousands)	FY 2015-16 Audited Actuals	FY 2016-17 Audited Actuals	FY 2017-18 Unaudited Actuals	FY 2018-19 Approved Annual Plan
Revenues				
Manufacturing	\$91,402	\$100,240	\$93,647	\$94,120
Services	100,901	110,460	120,584	134,199
Agricultural	26,501	22,836	26,934	27,845
Total Revenue	\$218,804	\$233,536	\$241,166	\$256,164
Expenses				
Cost of Goods Sold				
Manufacturing	\$67,051	\$70,767	\$69,455	\$68,422
Services	70,298	81,387	85,605	104,601
Agricultural	24,484	21,472	24,083	22,789
Total Cost of Goods Sold	\$161,833	\$173,626	\$179,144	\$195,812
Gross Profit	\$56,971	\$59,910	\$62,022	\$60,352
Selling and Administration				
Central Office				
Prison Industry Board	\$140	\$155	\$252	\$303
Executive Management	412	592	404	417
Project Management Office	-	-	2	542
Legal	869	855	974	926
Regulatory Compliance Section	3	99	143	149
External Affairs	238	239	313	268
Operations Division	3,465	3,579	2,956	3,919
Health & Safety	495	445	1,219	566
Marketing Division	5,359	5,238	5,616	6,577
Quality Management Section	226	275	318	518
Administration Division				
Administration Management	326	461	441	419
Business Services	1,356	1,637	2,057	1,635
Human Resources	1,769	1,711	1,797	1,886
Staff Development	791	1,087	1,003	1,584
Fiscal Services				
Fiscal Services Management	390	425	292	364
Budgeting & Financial Planning	802	666	744	854
Accounting Services	2,084	2,525	2,824	2,941
Inventory Management	624	610	604	766
Management Information Systems	5,211	5,400	6,075	7,304
Center of Excellence	-	-	-	1,334
Sub-total Central Office	\$24,560	\$25,999	\$28,032	\$33,272
Offender Development Programs				
Industry Employment Program	\$736	\$781	\$1,112	\$1,155
Joint Venture/Free Venture	624	810	823	738
Reimbursement	(647)	(719)	(734)	(738)
Career Technical Education	2,758	3,878	8,687	14,615
Reimbursement	(2,600)	(2,600)	(4,417)	(6,260)
Total Offender Development Programs	\$871	\$2,150	\$5,471	\$9,510
Distribution/Transportation	\$13,023	\$14,095	\$14,596	\$14,566
State Pro Rata*	[4,872]	[6,353]	[7,331]	[8,104]
SB 84 Loan Repayment*	-	-	-	[874]
Unallocated Personal Leave	-	-	985	-
Other Post Employment Benefits**	8,896	9,535	0	0
Total Selling and Administration	\$47,350	\$51,779	\$49,084	\$57,348
Operating Income/(Loss)	\$9,621	\$8,131	\$12,938	\$3,004
Non-Operating Revenues/(Expenses)	\$561	\$441	(\$3,732)	\$732
Legal Settlements***	[\$144]	[\$276]	\$0	(\$250)
Grants	\$375	\$125	\$0	\$0
Penal Code 2806 Transfer	\$0	(\$62,600)	\$0	\$0
Net Gain/(Loss)	\$10,557	(\$53,903)	\$9,206	\$3,486

* Pro Rata & SB 84 Loan Repayment costs are included in Costs of Goods Sold, Central Office, Offender Development Programs & Distribution/Transportation above. These items are also on their own line for display purposes only & are not included in the calculations below it.

** On June 27, 2017, Assembly Bill No. 103, Sections 37 and 38 were approved by the Governor, pursuant to its authority, and Penal Code Sections 2801 and 2808 were amended. Pursuant to amendments, CALPIA is not required to fund its OPEB liability.

*** Prior to FY 2017-18, Legal Settlements were included in Operating Income/(Loss). For FY 2015-16 & 2016-17, Legal Settlements are shown under Non-Operating Revenues/(Expenses) for display purposes only & not included in the calculations below it.

Designation of Cash (In Thousands)	FY 2015-16 Audited Actuals	FY 2016-17 Audited Actuals	FY 2017-18 Unaudited Actuals	FY 2018-19 Approved Annual Plan
Beginning Cash	\$98,536	\$110,732	\$61,120	\$30,493
Net Cash - Beginning of Year	\$98,536	\$110,732	\$61,120	\$30,493
Cash Flows from Operating Activities				
Revenue	\$218,804	\$233,536	\$241,166	\$256,164
Operating Expenses	(\$209,183)	(\$225,405)	(\$228,228)	(\$253,160)
Total Operating Income (Loss)	\$9,621	\$8,131	\$12,938	\$3,004
Adjustments to Reconcile Operating Income (Loss) to Cash:				
Depreciation	\$6,813	\$7,657	\$8,432	\$8,167
Net Effect of Changes In:				
Inventory	\$774	(\$3,414)	\$1,155	\$0
Deferred Revenue	(\$189)	\$288	(\$232)	\$0
OPEB Obligation	\$8,896	\$9,535	\$9,535 ⁴	\$0
Other	(\$1,106)	\$6,241	\$6,241 ⁴	\$0
Net Cash Flows from Operating Activities	\$24,809	\$28,438	\$38,069	\$11,171
Net Cash Flows - Other				
Capital Expenditures	(\$13,851)	(\$16,645)	(\$18,971)	(\$22,600)
Previously Appropriated Capital	\$0	\$0	\$0	(\$20,736)
Grant Appropriation	\$375	\$125	\$0	\$0
Non-Operating Revenues (Expenses)	\$561	\$441	(\$3,732)	\$482
Miscellaneous Cash Flows ¹	\$302	\$629	(\$21,008) ⁴	\$0
Penal Code 2806 Adjustment	\$0	(\$62,600)	\$0	\$0
Net Cash Flows - Other	(\$12,613)	(\$78,050)	(\$43,711)	(\$42,854)
Net Change in Cash	\$12,196	(\$49,612)	(\$5,642)	(\$31,683)
Cash on Hand Before Commitments	\$110,732	\$61,120	\$55,478	(\$1,190)
Long Term Liabilities / Commitments				
Accrued Leave Time	(\$9,859)	(\$9,935)	(\$10,995)	(\$9,935)
Workers' Compensation Liability	(\$17,358)	(\$15,405)	(\$14,582)	(\$15,405)
SB 84 ²	\$0	\$0	(\$7,272)	\$0
Net Long Term Liabilities	(\$27,217)	(\$25,340)	(\$32,849)	(\$25,340)
Total Cash After Commitments	\$83,515	\$35,780	\$22,629	(\$26,530)
Other Long Term Liabilities / Commitments				
Net OPEB Obligation ³	(\$62,649)	(\$72,184)	(\$72,184) ⁴	(\$72,184)
Net Pension Liability ³	(\$39,717)	(\$54,326)	(\$54,326) ⁴	(\$54,326)
Net Other Long Term Liabilities	(\$102,366)	(\$126,510)	(\$126,510)	(\$126,510)
Net Cash and Cash Equivalents	(\$18,851)	(\$90,730)	(\$103,881)	(\$153,040)

1 Interest expense + Proceeds from sale of assets + Interest on Investments - Non-Operating Revenues / (Expenses).

2 CALPIA's proportionate share for the SB 84 liability through FY 2024-25, per DOF's repayment schedule. The first estimated payment of \$874,000 is budgeted under Operating Expenses, which reduces the long-term liability to (\$6,398,000) at June 30, 2019.

3 On June 27, 2017, Assembly Bill No. 103, Sections 37 and 38 were approved by the Governor, pursuant to its authority, and Penal Code Sections 2801 and 2808 were amended. Pursuant to amendments, CALPIA is not required to fund its net pension liability; however, CALPIA is required by GASB 68, to reflect its proportionate share of the State's liability in its financial statements.

4 FY 2017-18 OPEB and Net Pension Liability will change upon SCO's release of CALPIA's proportionate share.

Enterprise Overview

(In Thousands)

	Revenue	Cost of Goods Sold	Gross Profit (Loss)
Manufacturing			
Furniture	\$16,100	\$12,502	\$3,598
Metal Products	8,000	6,070	1,930
License Plates	19,000	8,709	10,291
General Fabrication	11,000	8,167	2,833
Bindery	2,700	1,810	890
Knitting Mill	1,350	987	363
Fabric Products	22,500	19,722	2,778
Shoes	4,270	3,536	734
Mattresses	3,100	2,310	790
Cleaning Products	5,750	4,098	1,652
Modular Construction	350	511	(161)
Sub-total Manufacturing	\$94,120	\$68,422	\$25,698
Services			
Meat Cutting	\$10,872	\$9,271	\$1,601
Bakery	2,600	1,862	738
Coffee Roasting	1,900	1,283	617
Food & Beverage Packaging	25,500	20,490	5,010
Metal Signs	1,800	1,124	676
Printing	5,700	3,474	2,226
Dental Lab	800	646	154
Digital Services	500	401	99
Laundry	14,000	11,223	2,777
Optical	13,500	7,583	5,917
Construction Services & Facilities Maintenance	57,027	47,244	9,783
Sub-total Services	\$134,199	\$104,601	\$29,598
Agricultural			
Dairy / Farm	\$14,350	\$12,422	\$1,928
Crops	945	1,326	(381)
Poultry	5,700	5,182	518
Egg Production	6,850	3,859	2,991
Sub-total Agricultural	\$27,845	\$22,789	\$5,056
Total	\$256,164	\$195,812	\$60,352

Offender Assignments	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
	Audited Actuals ¹	Audited Actuals ¹	Unaudited Actuals ¹	Approved Annual Plan
Manufacturing				
Furniture	446	406	388	514
Metal Products	225	241	230	289
License Plates	100	114	114	120
General Fabrication	122	126	127	147
Bindery	64	76	53	100
Knitting Mill	68	55	51	75
Fabric Products	1,087	1,093	1,089	1,260
Shoes	130	128	120	135
Mattress	34	35	33	41
Cleaning Products	38	40	42	50
Modular Construction	14	8	7	12
Sub-Total Manufacturing	2,328	2,322	2,254	2,743
Services				
Meatcutting	55	58	51	66
Bakery	56	56	59	60
Coffee Roasting	12	17	22	23
Food & Beverage Packaging	182	241	250	285
Metal Signs	43	34	36	45
Printing	114	105	91	127
Dental Lab	59	59	57	63
Digital Services	16	16	15	19
Laundry	620	589	570	675
Optical	195	189	199	251
Construction Services & Facilities Maintenance	780	845	921	1,976
Sub-Total Services	2,132	2,209	2,271	3,590
Agricultural				
Dairy	148	139	107	238
Crops	7	4	17	32
Poultry	34	42	42	47
Egg Production	10	12	20	25
Sub-Total Agricultural	199	197	186	342
Selling and Administration				
Statewide Administrative Support	182	178	172	255
On-Time Delivery	18	11	8	56
Central Office	29	27	28	50
Career Technical Education Programs	211	239	406	1,052
Sub-Total Selling and Administration	440	455	614	1,413
Total	5,099	5,183	5,325	8,088

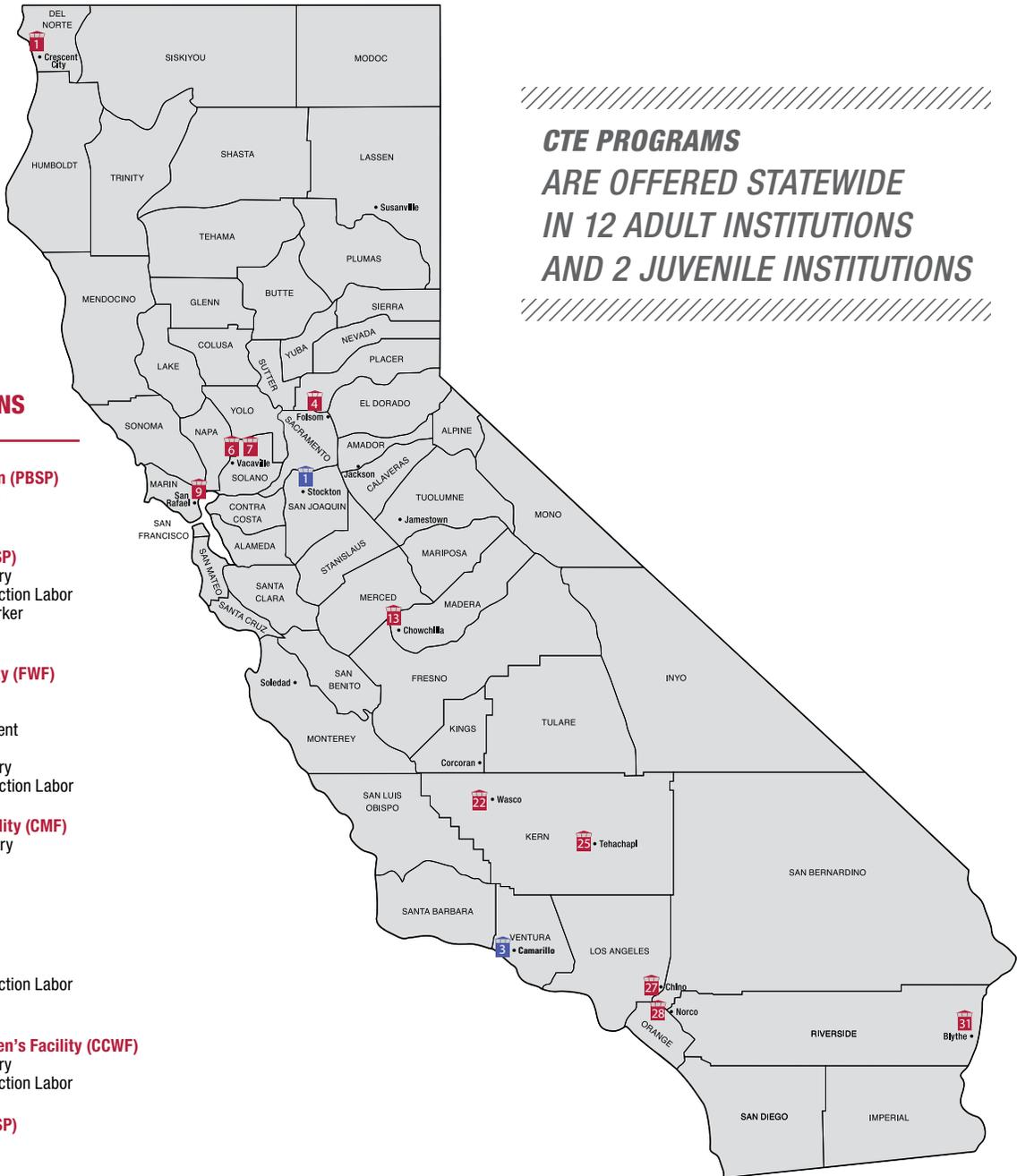
¹ Actuals are based on the average filled offender assignments for the FY.

Offender Positions by Location

Average Monthly Filled Offender Assignments

Institution	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
	Audited Actual	Audited Actual	Unaudited Actual	Approved Annual Plan
Avenal State Prison	390	409	424	493
California City Correctional Facility	11	14	16	19
California Correctional Center	17	21	29	50
California Correctional Institution	239	239	240	325
California Health Care Facility Stockton	0	0	1	32
California Institution for Men / On-Time Delivery (South)	183	186	190	358
California Institution for Women	139	159	184	247
California Men's Colony	565	534	483	648
California Rehabilitation Center	17	18	35	36
California State Prison, Lancaster	94	99	114	130
California State Prison, Sacramento	57	60	65	107
California State Prison, Solano / California Medical Facility	426	457	405	673
Calipatria State Prison	22	22	27	43
Centinela State Prison	93	89	97	113
Central California Women's Facility / Valley State Prison	345	327	380	580
Central Office	29	25	28	310
Chuckawalla Valley State Prison	43	45	54	62
Corcoran State Prison / Substance Abuse Treatment Facility / On-Time Delivery (Central)	377	315	309	575
Correctional Training Facility	363	332	321	460
Deuel Vocational Institution	81	86	61	134
Folsom State Prison	397	415	408	562
Folsom Women's Facility / On-Time Delivery (North)	87	79	89	210
High Desert State Prison	16	21	28	66
Ironwood State Prison	23	23	35	40
Kern Valley State Prison	22	22	26	47
Mule Creek State Prison	318	416	433	537
North Kern State Prison	18	19	22	35
Pelican Bay State Prison	38	41	63	119
Pleasant Valley State Prison	18	20	29	49
Richard J. Donovan Correctional Facility	182	182	211	248
Salinas Valley State Prison	17	16	22	70
San Quentin State Prison	253	266	252	370
Sierra Conservation Center	140	141	152	208
Wasco State Prison	79	85	92	132
TOTALS	5,099	5,183	5,325	8,088

CALPIA Career Technical Education (CTE) Program Locations



ADULT INSTITUTIONS

- 1 Pelican Bay State Prison (PBPB)**
 - Computer-Aided Design
 - Computer Coding
- 4 Folsom State Prison (FSP)**
 - Pre-Apprentice Carpentry
 - Pre-Apprentice Construction Labor
 - Pre-Apprentice Iron Worker
 - Pre-Apprentice Roofing
- Folsom Women's Facility (FWF)**
 - Computer-Aided Design
 - Computer Coding
 - Culinary Arts Management
 - Facilities Maintenance
 - Pre-Apprentice Carpentry
 - Pre-Apprentice Construction Labor
- 6 California Medical Facility (CMF)**
 - Pre-Apprentice Carpentry
- 7 CSP Solano (SOL)**
 - Pre-Apprentice Roofing
- 9 CSP San Quentin (SQ)**
 - Computer Coding
 - Pre-Apprentice Construction Labor
 - Pre-Apprentice Roofing
- 13 Central California Women's Facility (CCWF)**
 - Pre-Apprentice Carpentry
 - Pre-Apprentice Construction Labor
- 22 Wasco State Prison (WSP)**
 - Pre-Apprentice Roofing
- 25 California Correctional Institution (CCI)**
 - Pre-Apprentice Roofing
- 27 California Institution for Men (CIM)**
 - Commercial Diving
 - Pre-Apprentice Construction Labor
- 28 California Institution for Women (CIW)**
 - Computer Coding
 - Pre-Apprentice Carpentry
 - Pre-Apprentice Construction Labor
- 31 Ironwood State Prison (ISP)**
 - Computer Coding

**CTE PROGRAMS
ARE OFFERED STATEWIDE
IN 12 ADULT INSTITUTIONS
AND 2 JUVENILE INSTITUTIONS**

JUVENILE INSTITUTIONS

- 1 O.H. Close Youth Correctional Facility (OHC)**
 - Computer Coding
 - Pre-Apprentice Construction Labor
- 3 Ventura Youth Correctional Facility (VYCF)**
 - Computer Coding

CALPIA Enterprise Locations

ADULT INSTITUTIONS

1 Pelican Bay State Prison (P BSP)

- Laundry
- Construction Services & Facilities Maintenance
- Support Services

2 California Correctional Center (CCC)

- Construction Services & Facilities Maintenance

3 High Desert State Prison (HDSP)

- Construction Services & Facilities Maintenance
- Support Services

4 Folsom State Prison (FSP)

- Metal Products
- Metal Signs
- License Plates
- Printing
- Digital Services
- Modular Building
- Construction Services & Facilities Maintenance
- Support Services

Folsom Women's Facility (FWF)

- Construction Services & Facilities Maintenance

5 CSP Sacramento (SAC)

- Laundry
- Construction Services & Facilities Maintenance

6 California Medical Facility (CMF)

- Construction Services & Facilities Maintenance

7 CSP Solano (SOL)

- Metal Products
- Laundry
- Optical
- Bindery
- Construction Services & Facilities Maintenance
- Support Services

8 Mule Creek State Prison (MCSP)

- Meat Cutting
- Coffee Roasting
- Food & Beverage Packaging
- Laundry
- Fabric Products
- Construction Services & Facilities Maintenance
- Support Services

9 CSP San Quentin (SQ)

- Furniture
- Mattress
- Construction Services & Facilities Maintenance
- Support Services

10 California Health Care Facility (CHCF)

- Construction Services & Facilities Maintenance

11 Sierra Conservation Center (SCC)

- Fabric Products
- Construction Services & Facilities Maintenance

12 Deuel Vocational Institution (DVI)

- Dairy
- Construction Services & Facilities Maintenance
- Support Services



20 Avenal State Prison (ASP)

- Poultry
- Egg Production
- Furniture
- Laundry
- General Fabrication
- Construction Services & Facilities Maintenance
- Support Services

21 North Kern State Prison (NKSP)

- Construction Services & Facilities Maintenance

22 Wasco State Prison (WSP)

- Laundry
- Construction Services & Facilities Maintenance

23 Central California Women's Facility (CCWF)

- Crops
- Dental Lab
- Fabric Products
- Construction Services & Facilities Maintenance
- Support Services

14 Valley State Prison (VSP)

- Laundry
- Optical
- Construction Services & Facilities Maintenance

15 Correctional Training Facility (CTF)

- Furniture
- Fabric Products
- Construction Services & Facilities Maintenance
- Support Services

16 Salinas Valley State Prison (SVSP)

- Construction Services & Facilities Maintenance

17 Pleasant Valley State Prison (PVSP)

- Construction Services & Facilities Maintenance

18 CSP Corcoran (COR)

- Dairy
- Food & Beverage Packaging
- Laundry
- Construction Services & Facilities Maintenance
- Support Services

19 Substance Abuse Treatment Facility (SATF)

- Food & Beverage Packaging
- Construction Services & Facilities Maintenance

23 Kern Valley State Prison (KVSP)

- Construction Services & Facilities Maintenance
- Support Services

24 California Men's Colony (CMC)

- Laundry
- Printing
- Fabric Products
- Knitting Mill
- Shoes
- Construction Services & Facilities Maintenance
- Support Services

25 California Correctional Institution (CCI)

- Fabric Products
- Construction Services & Facilities Maintenance
- Support Services

26 CSP Los Angeles County (LAC)

- Laundry
- Cleaning Products
- Construction Services & Facilities Maintenance
- Support Services

27 California Institution for Men (CIM)

- Food & Beverage Packaging
- Laundry
- Construction Services & Facilities Maintenance
- Support Services

28 California Institution for Women (CIW)

- Fabric Products
- Construction Services & Facilities Maintenance

29 California Rehabilitation Center (CRC)

- Construction Services & Facilities Maintenance

30 Chuckawalla Valley State Prison (CVSP)

- Laundry
- Construction Services & Facilities Maintenance

31 Ironwood State Prison (ISP)

- Construction Services & Facilities Maintenance

32 Calipatria State Prison (CAL)

- Construction Services & Facilities Maintenance

33 Centinela State Prison (CEN)

- Fabric Products
- Construction Services & Facilities Maintenance
- Support Services

34 RJ Donovan Correctional Facility (RJD)

- Bakery
- Laundry
- Shoes
- Construction Services & Facilities Maintenance
- Support Services

ADULT INSTITUTIONS (LEASED)

California City Correctional Facility (CAC)

- Construction Services & Facilities Maintenance

Approved by the California Prison Industry Board
on January 25, 2019



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