

California Prison Industry Authority

REPORT TO THE LEGISLATURE

Fiscal Year 2014-15

QUALITY PRODUCTS

CHANGED LIVES

A SAFER CALIFORNIA

CALPIA
Quality Products • Changed Lives • A Safer California



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Governor
State of California

California Prison Industry Board

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The Prison Industry Board (PIB) Fiscal Year 2014-15 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 which requires the PIB 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.
4. A breakdown, by institution, of the number of prisoners at each institution, working in enterprises under the jurisdiction of the CALPIA.

Committed to California's Public Safety

The Prison Industry Board

The Prison Industry Board (PIB) 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 CALPIA.

The PIB oversees CALPIA operations, much like a corporate board of directors. The PIB 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 PIB also serves as a public hearing body, ensuring that CALPIA enterprises are both self-sufficient and that they do not have a substantial adverse effect upon the private sector. The PIB actively solicits public input for the decisions it makes to expand existing or develop new prison industries.

The Penal Code¹ Established CALPIA:

- To develop and operate industrial, agricultural and service enterprises that provide work opportunities for offenders under the jurisdiction of the California Department of Corrections and Rehabilitation (CDCR) and serve government agencies with products and services to commensurate with their needs.
- To create and maintain working conditions within CALPIA enterprises as much like those which prevail in private industry as possible, to assure offenders assigned therein the opportunity to work productively to earn funds, and to acquire or improve effective work habits or occupational skills.
- 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.

CALPIA Mission Statement

The California Prison Industry Authority 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.

CALPIA Program Goal

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

Does CALPIA Work?

Over a three-year period, beginning in Fiscal Year (FY) 2008-09, CALPIA participants returned to prison, on average, 26 to 38 percent less often than offenders released from the CDCR general population, saving the General Fund millions in incarceration costs. Additionally, offenders who participate in CALPIA's Career Technical Education (CTE) program are 93 percent less likely to return to prison. In 2016, CALPIA will measure the recidivism of offenders who participated in CALPIA between the years 2010-11 and 2014-15.

Does CALPIA Save the State Money?

CALPIA's offender programming saves the State General Fund millions annually through lower recidivism and saves CDCR millions more by providing over 6,500 alternatively funded program slots 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

1. Penal Code Section 2800-2818

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Correctional Industries

CALPIA manages over 100 manufacturing, service and consumable factories in 34 CDCR institutions. CALPIA provides over 6,500 offender assignments in manufacturing, agricultural, consumable, service and support functions including warehouse and administration. The CALPIA Administrative offices are located in Folsom, California.

The goods and services produced by CALPIA's enterprises are sold predominately to departments of the State of California, as well as other government entities. CDCR is CALPIA's largest customer and accounted for \$123.6 million (M) or 59.6% of all sales in FY 2014-15, up from \$110.0M or 57.1% of all sales in FY 2013-14, and \$103.5M or 57.4% of all sales in FY 2012-13.

Other major State customers include the Department of Motor Vehicles (DMV), the Department of State Hospitals (DSH), the Department of Healthcare Services (DHS), the Department of Transportation (Caltrans), the Department of Forestry and Fire Protection (CAL FIRE), the California Highway Patrol (CHP), the Department of Veteran Affairs (CDVA), the Department of General Services (DGS), the Department of Military, and the Department of Parks and Recreation (DPR).

Joint and Free Venture Program

On behalf of CDCR, CALPIA manages California's Joint and Free Venture Program. The Joint and Free Venture Program was established in 1990 upon passage of Proposition 139, The Prison Inmate Labor Initiative. This created rehabilitative opportunities for offenders to gain valuable work experience and job skills training. Offenders work for private companies in prison and earn a comparable industry wage. The program is available to businesses that are planning to expand, open a new enterprise or division, returning from offshore or relocating to California from another state.

The Joint Venture Program (JVP) operates in California's adult correctional institutions and the Free Venture Program (FVP) operates within California's juvenile facilities. Both programs prepare offenders for successful reintegration into the community.

Offenders are paid wages that 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 and Federal law mandates the deduction of 20 percent of the offenders' net wages to compensate victims of crime. The JVP disbursed more than \$91,422 for crime victim restitution in FY 2014-15. As of October 2012, local government correctional facilities may also participate in the JVP.

Industry Employment Program

CALPIA developed the Industry Employment Program (IEP) to enhance the ability of offender workers to obtain meaningful jobs upon release and successfully transition from prison to the community and the workforce. This effort supports CALPIA's goal to reduce recidivism and contribute to safer communities.

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

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

The IEP provides transition to employment services and information. An appointment at the DMV is arranged to provide valid identification, within a week after parole. Information and request forms are provided for a social security card, birth certificate, child support and veteran's benefits. The IEP also provides access to a statewide resource guide for paroling offenders.



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Career Technical Education

The CALPIA CTE program² was established in 2006. The program began as a pre-apprenticeship program with instruction being administered by journeyman instructors under contract from local trade labor unions representing Carpentry, Construction Labor, and Iron Working. Program graduates, upon parole are able to obtain employment in their specific apprenticeship with trade tools and their first year of union dues provided by CALPIA. The program also includes Marine Technology (Deep Sea Diving), Facilities Maintenance and in 2014, CALPIA added a technology component to their CTE portfolio with Autodesk Computer-Aided Design (CAD) and Computer Coding. The CALPIA CTE program is currently funded via contractual agreement with CDCR's Division of Rehabilitative Programs, and the 2015-2016 Budget Act included \$2.6M to continue the contractual arrangement.

To date, the CALPIA CTE program has been one of the most effective rehabilitation programs in California. In 2012, the Prison Industry Board approved an assessment report of the CALPIA CTE program from FYs 2007-08 through 2010-11. The report shows that cumulatively, CALPIA CTE graduates have a recidivism rate of 7.13%. The full study is available at calpia.ca.gov.

The CALPIA CTE program offers the following training:

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

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

CALPIA prepares offenders for productive lives and reduces incarceration costs

Paroled offenders who participated in CALPIA programs are less likely to return to prison than general population offenders. Although there may be other relevant factors that contribute to lowering recidivism, CALPIA participants are significantly more likely to become productive citizens that support themselves instead of costing California taxpayers by returning to prison.



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Future Measurement of Recidivism

Previously, the rate of recidivism for CALPIA offenders was based solely on an offender's physical custody return to a CDCR institution after violating parole or committing a new criminal offense and comparing that rate of return to that of CDCR offenders who did not participate in CALPIA programs. Now, with the implementation of AB 109 (2011 Public Safety Realignment), there is a greater potential for a former CDCR inmate who reoffends to then be held in the custody of a county jail rather than immediately return to a CDCR institution.

Prior to 2015, CALPIA was unable to collect recidivism data at the local level that would accurately document if a former CALPIA offender was returned to custody at the county level. Beginning in 2016, CALPIA will begin collecting recidivism data of CALPIA participants at both the state and local levels utilizing an independent government partner for data collection. This measurement provides CALPIA and the public the most accurate evaluation of the rate of recidivism of both traditional CALPIA correctional industry programs, and also the highly successful CALPIA CTE programs.



CALPIA Invests in Training and Rehabilitation

FY 2014-15 Training Highlights

CALPIA invests in curriculum for offenders, offering 124 nationally recognized accredited certifications such as 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 (see accredited certifications below).

In FY 2014-15, 884 CALPIA participants received a certificate of proficiency and/or Standard Occupational Code Proficiency certification and 3,117 participants successfully completed an accredited certification program, a 129% percent increase from FY 2013-14. The increase was caused primarily by the opening of IEP enrollment to all CALPIA offenders into one of the TPC Training Systems course, 109.1 Industrial Safety and Health and the activation of CALPIA's HFM program at all the institutions.

Accredited Certifications

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

Artificial Insemination License

Pasteurizer License

Sampler/Weigher License

Career Technical Computer Coding

7370 Computer Coding

Career Technical AutoCAD

AutoCAD Drafting

Inventor

Revit

Career Technical Ironworker

Core-Classroom Curriculum

Horizontal Welding

Vertical Welding

Overhead Welding

Pipe Welding

Career Technical Carpentry

Core-Classroom Curriculum

Career Technical Laborers

Lead Worker/Mentor Training

Career Technical Diving

Rigger Course Program

Top Side Welder Course Program

Dive Tender Course Program

Mixed Gas Operator course

Commercial Diver/Commercial Dive

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 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–Forklift Operator

Warehouse/Pallet jack Forklift

Construction Forklift

Printing Industries of America

Sheetfed Offset Press

Web Offset Press

Bindery

Pre-Press

Productivity Training Corporation

Dental Technician

Stiles Machinery Inc.

Intermediate Week Machine

CALPIA Invests in Training and Rehabilitation

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 Systems (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



Financial Activity of CALPIA

Financial Activity of CALPIA

On January 7, 2014, the PIB approved accounting firm Macias Gini & O'Connell (MGO) to perform audits of CALPIA financial statements for the fiscal years ending June 30, 2014, 2015, and 2016, respectively. The term of this agreement is April 1, 2014, through March 31, 2017.

MGO's release of its audit report and opinion for fiscal years ending June 30, 2015 and 2014 remain pending as of the release of this Report to the Legislature. The California State Auditor's Bureau of State Audits (BSA) is currently reviewing actuarial data used by CalPERS in calculating pension obligation, and this data is a key part of the financial statements that are being reviewed by MGO. At the end of January 2016, BSA plans to issue its findings on the audit and provide its report to CALPIA and MGO. Accordingly, upon receipt of the BSA report in January 2016, MGO plans to issue its audit report and opinion for the fiscal years ended June 30, 2015 and 2014.

Financial Overview

In FY 2014-15, revenues increased by approximately \$14.6M, or 7.6 percent, to \$207.3M. Gross profits increased by \$9.8M to \$58.4M, consistent with the increase in revenue.

In FY 2015-16, CALPIA predicts revenues of \$214.9M, an increase of \$7.6M from FY 2014-15. The anticipated net position will be \$0.7M compared to the \$14.7M net position in FY 2014-15.

Operating Revenues

CALPIA's revenues increased approximately \$14.6M, or 7.6 percent, between FY 2013-14 and FY 2014-15.

The FY 2015-16 CALPIA Mid-Year Revise (MYR) anticipates revenues of \$214.9M, an increase of \$7.6M, or 3.7 percent, from FY 2014-15 revenues of \$207.3M and plans utilizing over 6,500 offender positions. CALPIA anticipates employing 976 civil service positions in FY 2015-16, a 9.9 percent increase from the previous year; the increase is due to the continued implementation of the HFM program.

CALPIA Statement of Net Position

The CALPIA Statement of Net Position at June 30, 2015, reflect current assets of \$148.5M, which is approximately nine times greater than current liabilities of \$15.9M and approximately 1.2 times the amount of total liabilities of \$124.1M. These ratios are financial indicators that CALPIA is well-positioned to meet its short-term and long-term obligations and 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, resulting in a safer California.

Pro Rata Payments to the State

Despite the fact that CALPIA receives no Budget Act appropriation, CALPIA must pay the State its Pro Rata share of costs of State services (Legislature, Department of Finance, Controller, Treasurer, etc.). The FY 2014-15 Pro Rata payment was \$4.1M and will be \$4.9M for FY 2015-16, an increase of \$0.8M.



Financial Activity of CALPIA

Postemployment Benefits Other than Pensions

Under Governmental Accounting Standards Board (GASB) Statement No. 45 (GASB 45)—Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB), the State is required to recognize the cost of retiree health benefit programs on an accrual basis rather than on a pay as you go basis. The State Controller's office, which administers GASB 45 accounting requirements for the State, assessed CALPIA's share of the State's net unfunded OPEB obligation is estimated at \$9.2M in FY 2015-16, an increase of \$2.3M from \$6.9M for FY 2014-15. CALPIA records these amounts as a "selling and administrative" expense on the operating statement in addition to the actual payments made for OPEB. As one of the few State agencies to fund the OPEB obligation from its own proprietary fund, CALPIA actively monitors the costs of retiree health benefits in accordance with Generally Accepted Accounting Principles (GAAP) and the funding policies of the State.

As of June 30, 2015, CALPIA's balance sheet reflects a net OPEB obligation of \$53.8M. CALPIA has funded this obligation through cash reserves. CALPIA is seeking authority to reinvest these set aside funds with CALPERS in order to minimize the future obligation through higher interest earnings.

GASB 68, Accounting and Financial Reporting for Pensions

Effective FY 2014-15, the GASB Statement No. 68, Accounting and Financial Reporting for Pensions issued an amendment of GASB Statement No. 27, which requires state and local governments to report their net pension liability. The primary objective of this Statement 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. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

In August 7, 2015, CALPIA received the instruction from State Controller's Office (SCO) to implement GASB 68 for CALPIA's fiscal year ending June 30, 2015. At June 30, 2015, CALPIA reported a liability of \$27,869,233 for its proportionate share of the net pension liability. Since the SCO is record keeper of state employees' pensionable compensation information, the SCO chose to use the prior year-end as the measurement date. Therefore, the net pension liability was measured as of June 30, 2014. SCO did not use retirement contributions paid by each state entity and employee as a basis for determining the percentage calculations because these contributions are based on different plan rates and are identified at the fund level rather than at the retirement plan level.

Transfer from Prison Industry Revolving Fund to the General Fund

Penal Code Section 2806 authorizes the Secretary of CDCR and the Director of the Department of Finance to order the transfer of funds from the Prison Industry Revolving Fund to the State of California General Fund if a determination is made that the balance in the fund exceeds the amount necessary to carry out the mission of CALPIA. On May 24, 2013, the Department of Finance Director and the Secretary of CDCR requested that pursuant to Penal Code 2806, the SCO transfer \$13M from the Prison Industry Revolving Fund to the General Fund in FY 2012-13. On June 21, 2013, \$13M was transferred by the SCO from the Prison Industry Revolving Fund to the Prison Industry General Fund. The transferred funds were not appropriated for CALPIA's operational expenditures; therefore CALPIA classified the \$13M as restricted cash in FY 2012-13. On July 1, 2013, the \$13M was transferred from the Prison Industry General Fund, to the State's General Fund, resulting in an \$8.8M net loss to CALPIA for FY 2013-14.



Significant Impacts

Public Safety Realignment

In October 2011, the Governor signed Assembly Bill 109, the Public Safety Realignment Act, which has reduced the population of California prisons by over 25,000 offenders over the last three years. During FY 2012-13, CDCR's institution population dropped by approximately 13,000 offenders.

It was forecasted that correctional realignment would decrease CALPIA's revenue for population driven products and services (food, clothing, and laundry). However, the associated revenue decrease as a result of the reduction of the offender population was somewhat mitigated by increased revenues from new institutional food products and services.

Application of State Sales Tax

Per the Board of Equalization, unlike any other manufacturer, CALPIA must pay sales tax on purchases of raw materials. CALPIA paid over \$4.5M in Sales and Use Tax to its vendors in FY 2014-15, which is a 2% increase over FY 2013-14. CALPIA does not charge state customers sales tax on their purchases.

Cash as Designated Liabilities

CALPIA maintains cash levels to meet liabilities such as CALPIA's OPEB obligation, accrued employee vacation, and workers compensation liabilities. In 2016, CALPIA will seek authority to reinvest this cash to achieve yields that would lessen the OPEB liability. In addition, Government Code Section 16310(a) authorizes the State Treasurer to transfer idle cash from other funds (not to exceed 10% of the fund) to meet the cash needs of the State. CALPIA is not reimbursed for lost interest when this occurs.

Declining Offender Population

On September 12, 2013, Governor Brown signed Senate Bill 105, which facilitates the reduction of offenders in existing state facilities for transfer to either private and public correctional centers in California or private and public correctional facilities outside the state. The effects of Senate Bill 105 and Assembly Bill 109, the Public Safety Realignment Act of 2011, are reducing the number of CDCR offenders that utilize CALPIA products by over 35,000 offenders. This reduction also impacts the number of offender employees that are available for employment and training in CALPIA enterprises. CALPIA is working closely with CDCR to ensure that potential CALPIA enterprise impacts are minimized and training and employment opportunities are maximized utilizing the remaining population of offenders.

CALPIA Does Not Set State Employee Wages

In 2015, CalHR approved a 2% general salary increase for excluded, non-statutory exempt employees and State Employees International Union (SEIU) members and a one-time bonus of \$1,200 for International Union of Operating Engineers (IUOE) members.

In FY 2014-15, excluded, non-statutory exempt employees and SEIU members received a 3% increase to the maximum step of the salary range in each classification, increasing salary costs by \$1.3M during the year.

In FY 2015-16, SEIU and IUOE members will receive a 2.5% and 3% salary increase respectively, resulting in an estimated increase in salary expenses of \$0.9M.

Enterprise Highlights

Food & Beverage Packaging

On December 18, 2014, the PIB approved the addition of a CALPIA Food and Beverage Packaging enterprise at Mule Creek State Prison (MCSP), once MCSP's infill construction was complete. CALPIA will begin activation of the enterprise in early 2016 with full activation anticipated in mid-2016. When fully activated, this enterprise will provide work assignments for approximately 100 offenders. The enterprise will provide needed capacity for packaging items for CDCR standardized menu and individually packaged food items. This location will enable CALPIA to better serve Northern California customers.



Healthcare Facilities Maintenance

The Healthcare Facilities Maintenance (HFM) program provides specialized facilities maintenance and cleaning to healthcare units at all 34 CDCR institutions. The HFM program creates employment for over 1,000 offenders and is the result of a partnership with the California Correctional Health Care Services (CCHCS). Offenders learn how to clean up various medical settings while attaining accredited, certified training in a Custodial Maintenance course through TPC Training Systems, Inc. Offenders also receive training in employable skills including Occupational Safety and Health Administration (OSHA) requirements.



CDCR/CALPIA Program Integration Expansion

CALPIA and CDCR strive to co-locate training programs when possible to benefit offender success. For the past several years, CDCR's Office of Correctional Education has worked with CALPIA to provide suitable learning classrooms within CALPIA enterprises to address those CALPIA participants who may also need a high school education. CDCR's Career Technical Education (CTE) programs also attempt to locate where specific vocational training may lead to full time assignment to CALPIA programs. For the past 10 years, CDCR's CTE Welding has been co-located in a CALPIA facility to train welders, who, upon completion of their vocational instruction, can be immediately hired into CALPIA metal fabrication enterprises and receive on-the-job training.

In 2016, CALPIA will continue its partnership with CDCR to expand the integration of programs, adding a CDCR Substance Abuse Treatment Program at CALPIA enterprises in Folsom State Prison (FSP). In addition, CALPIA's CTE Ironworking program will move to FSP to expand training for offenders who have demonstrated skill and aptitude to move into the Ironworkers pre-apprenticeship program prior to parole.

New Products

Furniture

CALPIA introduced the “Craftsman” furniture line designed for the California Department of Veteran’s Affairs (CDVA), for use in their veterans’ homes to provide more of a home-like atmosphere. Initial sales indicate a positive customer demand as the CDVA continues to furnish their homes with this beautiful line of products. This line is now available to all CALPIA customers.



License Plates

Continuing the long term partnership with the Department of Motor Vehicles (DMV), the License Plate enterprise added the “Legacy Plate” as an option for vehicles. Assembly Bill 1658 authorized the DMV to establish the California Legacy License Plate Program. The black and yellow plates were to replicate plates from the State’s past.



General Fabrication

CALPIA has expanded the Modular Systems Furniture (MSF) line to include a tile and frame product referred to as the “Legion Line”. Legion was developed to give customers an above the work surface power option commonly referred to as “Belt-line”. The Belt-line Power options allows for better access to electrical outlets for laptops, tablets, and cell phones. The Legion line is BIFMA Level 2 certified addressing Governor’s Order B1812 requiring State buildings to be LEED certified.



Fabric

CALPIA worked with Caltrans to develop a new uniform for Field Operations. The new uniform consists of a high visibility orange shirt and high durability blue jeans. The shirt is moisture wicking and contains the Caltrans logo on the chest as well as safety stripping on the body and arms. The jeans also contain the Caltrans logo on the thigh and safety stripping on both legs. Both garments are certified by the American National Standards Institute (ANSI) and meet the Caltrans specifications.



Improved Processes

Improved Customer Service

The CALPIA customer feedback portal has allowed CALPIA to improve the customer experience by monitoring customer feedback on a daily basis. CALPIA has been able to improve customer satisfaction with timely solutions and ultimately making the customer service experience more efficient. CALPIA continues to provide customer service training to all staff to assist in managing customer relationships and projects to ensure the ultimate customer experience.



- CUSTOMER SUPPORT
- REPORT A PROBLEM
- CUSTOMER FEEDBACK
- EXEMPTION REQUEST

calpia.ca.gov

CALPIA Enterprises Continue to Receive ISO Certification

The International Organization for Standardization (ISO) sets international standards to prevent product and service non-conformity. Founded in 1947, ISO is a worldwide federation of national standards bodies from some 176 countries, with one standards body representing each member country. The United States is represented by American National Standards Institute (ANSI). The member organizations collaborate in the development and promotion of international standards.

The ISO 9000 series addresses various aspects of quality management. And the ISO 9001:2015 sets out the requirements of a quality management system. The most popular and established global management standard, ISO 9001 is adopted by over one million companies worldwide. The standards specify how management operations shall be conducted, and ensures conformity to predetermined standards for design, creation, manufacturing and the delivery of our products and services.

CALPIA is ISO certified. ISO is the foundation of the CALPIA management systems that prevent problems and provide confidence over time that the intended results are achieved. Furthermore, ISO provides strategic tools to reduce costs by minimizing waste and errors and increasing productivity.

CALPIA is one of three state correctional industries in the nation that is ISO certified. Implementing and maintaining quality standards affirms CALPIA's commitment to producing superior products while maintaining effective customer service. Currently, CALPIA is ISO 9001:2008 certified in the following business lines: modular office furniture, wood furniture and dormitory furniture, modular buildings, cleaning products, mattresses, textiles and wildland fire protection apparel. In FY 2015-16, CALPIA will seek ISO certification for the HFM program and the following three business enterprises: laundry services, dairy, and food and beverage packaging.



Lean Manufacturing

Lean Manufacturing is a process improvement system that identifies and eliminates waste, understands customer needs, analyzes business processes and institutes proper measurement methods. CALPIA continues training and implementation of Lean Manufacturing in various enterprises.

In FY 2014-15, the Optical enterprise added Lean Manufacturing. San Quentin Furniture enterprise became the "model" decreasing cost of goods sold while reducing waste and lead time.

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 of future goals based on CALPIA's mission and core values. CALPIA created the 2016-2021 Plan through collaboration and teamwork to make improvements to CALPIA. CALPIA began the plan refresh in September 2014. CALPIA conducted an Organizational Effectiveness Survey to obtain feedback from the Prison Industry Board, CALPIA staff and CALPIA customers. CALPIA then used the feedback to refine the Vision and Mission and develop the Strategic Business Plan Goals and Objectives. For a copy of the 2016-2021 Plan, see the CALPIA website at: calpia.ca.gov.

PIB Meetings - Summary of Action Items Calendar Year 2015

Meeting	Item	2015
1/28/15	[15-0128-359-AI]	A. Approval of the California Prison Industry Authority's Report to the Legislature FY 2013-2014
	[15-0128-360-AI]	B. Amend Regulations of Title 15, Division 8, Article 1 & Adoption of Regulations Title 15, Division 8, New Article 6 Concerning CALPIA Personnel Sections 8000, 8100, 8101, 8102, 8103, 8104, 8105, 8106, 8107, 8108, 8109, 8110, 8111, 8112, 8113, 8114, 8115, 8116, 8117, 8118, 8119, 8119.1, and 8120
	[15-0128-361-AI]	C. General Manager Compensation
6/25/15	[15-0625-308-AP]	A. Adoption of the Annual Plan for the FY 2014/2015
	[15-0625-309-AP]	B. Designation of Cash for the FY 2014/2015
	[15-0625-362-AI]	C. Amend Regulations of Title 15, Division 8, Article 1 & Adoption of Regulations Title 15, Division 8, New Article 6 Concerning CALPIA Personnel Sections 8000, 8100, 8101, 8102, 8103, 8104, 8105, 8106, 8107, 8108, 8109, 8110, 8111, 8112, 8113, 8114, 8115, 8116, 8117, 8118, 8119, 8119.1, and 8120
	[15-0625-363-AI]	D. Adoption of Regulations Title 15, Division 8, Article 3 CALPIA Inmate Recruitment and Hiring Processes Sections 8004, 8004.2, 8004.3, 8004.4 and 8005
	[15-0625-364-AI]	E. Amend Regulations of Title 15, Division 8, Article 6, Chapter 1 Concerning CALPIA Personnel – Interactions with Inmates and Parolees Sections 8115, 8116, 8116.1 and 8117
	[15-0625-365-AI]	F. Adoption of Regulations Title 15, Division 8, Article 3 CALPIA Conflict of Interest Code Appendix A of Section 8199
	[15-0625-366-AI]	G. Adoption of General Manager Evaluation Process
12/17/15	[15-1217-367-AI]	A. Healthcare Facilities Maintenance Program, Increase in Limited-Term Positions
	[15-1217-310-AP]	B. Adoption of FY 2015-16 Proposed Mid-Year Revise
	[15-1217-368-AI]	C. Designation of Cash to Support FY 2015-16 Mid-Year Revise Budget Proposal
	[15-1217-369-AI]	D. Adoption of Amended Regulations, Title 15, Division 8, Chapter 1, of the California Code of Regulations, Section 8004.2: "Recruitment and Appointment Process"

CALPIA Enterprises by Location



Enterprises & Career Technical Education (CTE) Locations

Career Technical Education (CTE) Locations

LOCATION	ABRV	INSTITUTION NAME	CTE PROGRAM*
1	FSP	Folsom State Prison	1, 2, 3
2	FWF	Folsom Women's Facility	1, 2, 5, 6
3	SQ	California State Prison, San Quentin	2, 7
4	CCWF	Central California Women's Facility	1
5	CIM	California Institution for Men	4
6	CIW	California Institution for Women	1, 2

Career Technical Education (CTE) Program Key*

1	Pre-Apprentice Carpentry
2	Pre-Apprentice Construction Labor
3	Pre-Apprentice Iron Worker
4	Marine Technology
5	Facilities Maintenance
6	Computer-Aided Design
7	Computer Coding



Juvenile Institutions

ABRV	INSTITUTION NAME	CITY
1	NAC	N.A. Chaderjian Youth Correctional Facility
2	OHC	O.H. Close Youth Correctional Facility
3	VYCF	Ventura Youth Correctional Facility

Adult Institutions

ABRV	INSTITUTION NAME	ENTERPRISES* (see key)
1	PBSP	Pelican Bay State Prison
2	CCC	California Correctional Center
3	HDSP	High Desert State Prison
4	FSP	Folsom State Prison
5	SAC	California State Prison, Sacramento
6	CMF	California Medical Facility
7	SOL	California State Prison, Solano
8	MCSP	Mule Creek State Prison
9	SQ	California State Prison, San Quentin
10	CHCF	California Health Care Facility
11	SCC	Sierra Conservation Center
12	DVI	Deuel Vocational Institution
13	CCWF	Central California Women's Facility
14	VSP	Valley State Prison
15	CTF	Correctional Training Facility
16	SVSP	Salinas Valley State Prison
17	PVSP	Pleasant Valley State Prison
18	COR	California State Prison, Corcoran
19	SATF	Substance Abuse Treatment Facility
20	ASP	Avenal State Prison
21	NKSP	North Kern State Prison
22	WSP	Wasco State Prison
23	KVSP	Kern Valley State Prison
24	CMC	California Men's Colony
25	CCI	California Correctional Institution
26	LAC	California State Prison, Los Angeles County
27	CIM	California Institution for Men
28	CIW	California Institution for Women
29	CRC	California Rehabilitation Center
30	CVSP	Chuckawalla Valley State Prison
31	ISP	Ironwood State Prison
32	CAL	Callipatria State Prison
33	CEN	Centinelia State Prison
34	RJD	RJ Donovan Correctional Facility
35	CAC	California City Correctional Facility (Leased)

CALPIA Enterprise Key*

1	Dairy
2	Crops
3	Poultry
4	Egg Production
5	Meat Cutting
6	Bakery
7	Coffee Roasting
8	Food & Beverage Packing
9	Metal Products
10	Furniture
11	License Plates
12	Laundry
13	Digital Services
14	Optical
15	Dental lab
16	Cleaning Products
17	Printing
18	Metal Signs
19	Mattress
20	Fabric Products
21	Knitting Mill
22	Shoes
23	Bindery
24	Construction Services Facilities Maintenance
25	General Fabrication/Century
26	Support Services
27	On Time Delivery Center
28	Modular Building

CDCR Headquarters



Department of Corrections and Rehabilitation
1515 "S" Street
Sacramento, CA 95814

CALPIA Central Office



560 East Natoma Street
Folsom, CA 95630-2200

Financial Overview Financial Plan (In Thousands)	FY 2013-14 Actuals*	FY 2014-15 Unaudited Actuals*	FY 2015-16 Approved Annual Plan	FY 2015-16 Approved Mid-Year Revise
Revenues				
Manufacturing	\$86,222	\$83,185	\$84,475	\$84,475
Services	77,855	95,854	101,933	101,933
Agricultural	28,566	28,240	28,476	28,476
Total Revenue	\$192,643	\$207,279	\$214,884	\$214,884
Expenses				
Cost of Goods Sold				
Manufacturing	\$63,814	\$60,654	\$59,144	\$58,612
Services	53,610	63,325	78,875	79,525
Agricultural	26,643	24,916	25,252	25,179
Total Cost of Goods Sold	\$144,067	\$148,895	\$163,271	\$163,316
Gross Profit	\$48,576	\$58,384	\$51,613	\$51,568
Selling and Administration				
Central Office				
Prison Industry Board	\$82	\$169	\$164	\$244
Executive Management	309	405	375	338
Legal	603	741	661	578
External Affairs	125	182	229	192
Operations Division	4,524	3,296	3,486	3,490
Health & Safety	535	503	532	512
Marketing Division	3,525	3,937	4,509	4,709
Administration Division				
Administration Mgmt	373	264	204	212
Business Services	807	952	1,440	1,464
Management Information Systems	3,865	3,819	4,122	4,113
Human Resources	1,229	1,506	1,691	1,707
Staff Development	586	812	1,013	1,031
Finance Division	2,556	3,056	3,844	3,964
Sub-total Central Office	\$19,119	\$19,642	\$22,270	\$22,554
Offender Development Programs				
Industry Employment Program	\$720	\$655	\$1,038	\$1,026
Reimbursement	0	0	0	0
Joint Venture/Free Venture	648	448	668	581
Reimbursement	(656)	(735)	(668)	(581)
Career Technical Education	1,714	2,311	3,221	3,171
Reimbursement	(1,989)	(2,159)	(2,600)	(2,600)
Total Offender Development Programs	\$437	\$520	\$1,659	\$1,597
Distribution/Transportation	\$12,873	\$12,406	\$12,208	\$12,450
State Pro Rata	4,269	4,068	4,873	4,873
Other Post Employment Benefits	7,359	6,945	9,243	9,243
Total Selling and Administration	\$44,057	\$43,581	\$50,253	\$50,717
Operating Income/(Loss)	\$4,519	\$14,803	\$1,360	\$851
Non-Operating Revenues/Expenses	(\$319)	(\$81)	(\$146)	(\$146)
New Enterprise Start-Up Expenses	\$0	\$0	(\$718)	\$0
Penal Code 2806 Transfer	(\$13,000)	\$0	\$0	\$0
Net Gain/(Loss)	(\$8,800)	\$14,722	\$496	\$705

* For the purpose of this section, the display of (un)audited financial information was reconfigured to remove Pro Rata Costs for each category. A State Pro Rata category was added to display associated costs. The Net Gain (Loss) of the fiscal year equals the (un)audited financial statement.

Enterprise Overview (In Thousands)		Revenue	Cost of Goods Sold	Gross Profit (Loss)
Manufacturing				
Furniture	\$15,000	\$11,082	\$3,918	
Metal Products	8,000	5,778	2,222	
License Plates	16,275	7,475	8,800	
General Fabrication	8,000	6,613	1,387	
Bindery	1,750	1,432	318	
Knitting Mill	1,400	906	494	
Fabric Products	19,100	14,928	4,172	
Shoes	4,100	3,195	905	
Mattresses	2,500	1,995	505	
Cleaning Products	7,100	4,526	2,574	
Modular Construction	1,250	682	568	
Sub-total Manufacturing	\$84,475	\$58,612	\$25,863	
Services				
Meat Cutting	\$11,726	\$9,787	\$1,939	
Bakery	3,300	2,085	1,215	
Coffee Roasting	1,996	1,544	452	
Food & Beverage Packaging	23,000	19,387	3,613	
Metal Signs	1,500	974	526	
Printing	5,100	3,208	1,892	
Dental Lab	700	500	200	
Digital Services	500	386	114	
Laundry	13,500	10,012	3,488	
Optical	13,000	6,707	6,293	
Construction Services & Facilities Maintenance	27,611	24,935	2,676	
Sub-total Services	\$101,933	\$79,525	\$22,408	
Agricultural				
Dairy / Farm	\$13,751	\$12,804	\$947	
Crops	560	753	(193)	
Poultry	5,915	5,354	561	
Egg Production	8,250	6,268	1,982	
Sub-total Agricultural	\$28,476	\$25,179	\$3,297	
Total	\$214,884	\$163,316	\$51,568	

Offender Assignments	FY 2013-14 Actuals	FY 2014-15 Actuals	FY 2015-16 Approved Annual Plan*	FY 2015-16 Approved Mid-Year Revise
Manufacturing				
Furniture	465	486	624	524
Metal Products	221	220	305	305
License Plates	105	105	110	110
General Fabrication	110	118	147	147
Bindery	51	69	100	100
Knitting Mill	60	69	61	75
Fabric Products	1,124	1,143	1,367	1,297
Shoes	121	126	135	135
Mattresses	35	33	41	41
Cleaning Products	44	35	50	50
Modular Construction	32	27	5**	12
Sub-total Manufacturing	2,368	2,431	2,945	2,796
Services				
Meat Cutting	60	62	66	66
Bakery	46	49	60	60
Coffee Roasting	22	16	23	23
Food & Beverage Packaging	174	179	185	185
Metal Signs	38	38	45	45
Printing	111	118	114	127
Dental Lab	56	57	63	63
Digital Services	17	15	19	19
Laundry	633	621	735	704
Optical	188	194	251	251
Construction Services & Facilities Maintenance	220	497	854	1,086
Sub-total Services	1,565	1,846	2,415	2,629
Agricultural				
Dairy / Farm	157	126	238	238
Crops	13	11	32	32
Poultry	31	36	47	47
Egg Production	23	14	49	49
Sub-total Agricultural	224	187	366	366
Selling and Administration				
Statewide Administrative Support	222	200	242	253
On-Time Delivery	24	20	46	46
Central Office	31	26	43	43
Career Technical Education Programs	96	138	376	376
Sub-total Selling and Administration	373	384	707	718
Total	4,530	4,848	6,433	6,509

* OTD and Central Office display changed to more accurately reflect offender requirements; total assignments remain unchanged.

** Offender assignments reallocated to Career Technical Education Programs

Inmate Positions by Location

Average Monthly Filled Inmate Assignments

Institution	Proposed			
	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Avenal State Prison	390	420	411	505
California City Correctional Facility	0	0	0	19
California Correctional Center	0	0	8	26
California Correctional Institution	247	220	265	283
California Institution for Men / On-Time Delivery (South)	207	190	169	268
California Institution for Women	112	108	97	199
California Men's Colony	557	538	574	632
California Rehabilitation Center	0	0	16	24
California State Prison, Lancaster	91	76	95	116
California State Prison, Sacramento	34	26	47	71
California State Prison, Solano / California Medical Facility	385	380	396	591
Calipatria State Prison	0	0	18	31
Centinela State Prison	70	73	84	101
Central California Women's Facility / Valley State Prison	339	290	317	401
Central Office	17	22	26	43
Chuckawalla Valley State Prison	32	44	43	50
Corcoran State Prison / Substance Abuse Treatment Facility / On-Time Delivery (Central)	348	347	344	507
Correctional Training Facility	363	381	387	425
Deuel Vocational Institution	69	65	68	118
Folsom State Prison	392	397	394	528
Folsom Women's Facility / On-Time Delivery (North)	9	71	88	178
High Desert State Prison	0	0	18	26
Ironwood State Prison	0	0	11	28
Kern Valley State Prison	0	0	14	27
Mule Creek State Prison	343	334	329	421
North Kern State Prison	0	0	11	23
Pelican Bay State Prison	17	16	35	43
Pleasant Valley State Prison	0	0	18	25
Richard J. Donovan Correctional Facility	167	184	169	220
Salinas Valley State Prison	0	0	0	26
San Quentin State Prison	130	149	188	302
Sierra Conservation Center	131	141	141	164
Wasco State Prison	67	55	68	88
TOTALS	4,517	4,527	4,849	6,509

