

# Iowa Code § 904.801 - Statement of Intent

It is the intent of this division that there be made available to inmates of the state correctional institutions opportunities for work in meaningful jobs with the following objectives:

- 1 To develop within those inmates willing to accept and persevere in such work:
- a) Positive attitudes which will enable them to eventually function as law-abiding, self-supporting members of the community;
- b) Good work habits that will assist them in eventually securing and holding gainful employment outside the correctional system;
- c) To the extent feasible, marketable skills that can lead directly to gainful employment upon release from a correctional institution.

- 2 To enable those inmates willing to accept and persevere in such work to:
- a) Provide or assist in providing for their dependents, thus tending to strengthen the inmates' family ties while reducing the likelihood that inmates' families will have to rely upon public assistance for subsistence;
- b) Make restitution, as the opportunity to do so becomes available, to the victims of the offenses for which the inmates were incarcerated, so as to assist the inmates in accepting responsibility for the consequences of their acts;
- c) Make it feasible to require that such inmates pay some portion of the cost of board and maintenance in a correctional institution, in a manner similar to what would be necessary if they were employed in the community;
- d) Accumulate savings so that such inmates will have funds for necessities upon their eventual return to the community.

## Letter From the IPI Director



Dan Clark Director, Iowa Prison Industries

To the Customers, Employees, Offenders and Friends of Iowa Prison Industries,

Iowa Prison Industries provides work training opportunities for offenders incarcerated in Iowa's nine state institutions, and I am pleased to report that for the fourth year in a row, IPI posted record results for offender training hours. Sales and sustainable income however, declined versus prior year.

As always, Iowa Prison Industries fulfilled its mission without receiving any government appropriations. During FY2015, IPI's operations returned \$1.6 million to the DOC institutions and Iowa's General Fund.

Traditional Industries ended FY2015 with net sales of \$24.2 million (a decrease of \$4.6 million from prior year) and Net Sustainable Income of \$0.6 million, a decrease of \$1.9 million from FY2014. Offender training hours were 925,121, an increase of 24,811 versus prior year.

Sales of casework and institutional furniture for the new prisons in Mitchellville and Fort Madison have largely been completed, leading to a decline in sales for wood and metal furniture. Sales to the Regents institutions remained strong as enrollment figures continued to climb at Iowa State University and the University of Iowa.

During the fiscal year, IPI inaugurated a new facility in Fort Dodge, which is described in this year's report. IPI also worked diligently to prepare a new facility in Fort Madison for opening during FY2016. In FY2015, IPI invested \$2.1 million back into its Plant, Property and Equipment, investments that will lead to more and better work training opportunities.

Our website (www.iaprisonind.com) continues to grow in importance for IPI customers. In FY2015, sales via the website grew 17% to \$2.9 million and 573 new accounts were established. Visits surged 30% to 222,069.

IPI's Commissary sales reached a record \$5.8 million, driven by sales of MP3 players and music. Net income for the Commissary exceeded \$0.6 million, all of which is returned to the DOC institutions for offender programs.

IPI Farms, which operate on a calendar year basis, reported revenues of \$2.2 million for 2014, an increase of \$0.1 million. Net Sustainable Income rose to \$0.4 million, an increase of \$0.2 million from 2013, and offender training hours increased 6% to 21,600.

Continued on page 2

### Letter From the IPI Director

IPI's Private Sector activity fell back from record levels, as total working hours fell to 248,183, and Gross Wages decreased by 9.5% to \$2.5 million. Still, it was the third best year ever for this segment. By law, offenders are able to keep 20% of their gross wages, with the balance going to taxes, child support, and programs for victim restitution and compensation. In FY15, these accounts reached \$2.0 million, including \$1.0 million paid to Iowa's General Fund and the DOC institutions.

And so in total, IPI operations – Traditional Industries, Farms, and Private Sector – fulfilled their Mission by providing increased offender training opportunities and relying on no state appropriations. This was due to the skill, dedication and hard work of the IPI team, and the support of our many customers and friends across the state.

Speaking of our Mission, IPI updated its Mission and Vision during the year:

#### Vision:

A meaningful work opportunity for every offender.

### **Mission Statement:**

A self-sufficient program that positively impacts offender lives, reduces recidivism, and provides valued products and services to our customers.

It is common for organizations to review their mission and vision statements regularly to ensure they align with their values and core strategy. While IPI's prior statements had served us well for nearly two decades, it was time for an update. The new mission and vision statements were developed with input from the IPI Advisory Board, Management, and various IPI staff.

IPI remains focused on delivering excellent value, quality and service to our customers, while providing offenders with an opportunity to develop personal responsibility and valuable work skills, and indeed, the chance to change their lives for the better. In so doing, IPI will continue to benefit all of Iowa's taxpayers and citizens.

On behalf of all of Iowa Prison Industries, I invite you to enjoy our FY2015 Annual Report!

# **IPI Advisory Board**



Dr. A Douglas Hillman Financial Representative & Board Chair Drake University (Retired) West Des Moines



Robert Carr DOC Representative & Board Vice-Chair Former Iowa Senator Dubuque



Jennifer Gardner Agricultural Representative Farmer & Teacher Douds



Yvonne (Bonnie) Winther Labor Representative Communications Workers of America Waterloo



Jennifer Foster Vocational Education Representative Des Moines Area Community College Des Moines



Terry Goodman
Manufacturing Representative
PDM Distribution, Inc.
Ames



Sheila Wilson Parole Board Representative Iowa Board of Parole West Des Moines

The Iowa Prison Industries Advisory Board plays a key role in the success of IPI. The board approves new business ventures and the overall operating plans of IPI for all three segments: Traditional Industries, IPI Farms, and Private Sector. In addition, the Board provides expert advice to the Director and staff of IPI.

# **IPI Management Team**



Ann Pollock Chief Financial Officer



Robert (Bob) Fairfax Sales & Marketing Manager



Mike Lynch Farms Director



Becky Jones Fort Madison Plant Manager Mount Pleasant Plant Manager



Justin Opfer Mitchellville Plant Manager Newton Plant Manager Fort Dodge Plant Manager



Al Reiter Anamosa Plant Manager Rockwell City Plant Manager

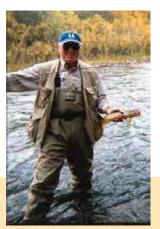


Clint Schmidt Des Moines Operations Manager

The Management Team ensures that IPI provides meaningful work training for offenders, while remaining self supporting. As with private corporations, IPI managers must deliver the price, quality and service that customers demand. They are also responsible for financial management, including budgeting, sales analysis, and expense control.

## In Memory

### Remembering Former IPI Director Roger Baysden, 1948 – 2014



Roger L. Baysden, IPI Director from 1996 to 2011, passed away on Tuesday, July 15, 2014.

Roger touched the lives of hundreds of offenders in Iowa during his tenure as IPI Director. While his full obituary can be found online at <a href="http://www.legacy.com/obituaries/desmoinesregister/obituary.aspx?pid=171749618">http://www.legacy.com/obituaries/desmoinesregister/obituary.aspx?pid=171749618</a>, the excerpt below relates to his tenure as IPI director.

In 1996, he joined State Government as Director of Iowa Prison Industries, where he quickly turned Iowa Prison Industries (IPI) into one of the premier

industries in the United States. While shaping the future of IPI, he was elected and served as first, Vice-President, President and, finally, Chairman of the Board for the National Correctional Industries Association, located in Baltimore, MD, where he set out reshaping the future of prison industries across the country. Today, IPI is recognized for the many founding work programs that offer hope and opportunity for those offenders who desire to become productive citizens. During his tenure as Chairman, Iowa enjoyed the lowest recidivism rate for offenders in the United States.

His passion for helping offenders get on the right track in life led him and his staff to raise 1 million dollars to buy land and construct a permanent showroom that displays samples of the many items that offenders manufacture. The property was donated to the citizens of Iowa. In 2011, Governor Branstad dedicated by proclamation and named the building the "Baysden Building," in honor of his contributions to reducing recidivism and costs to the taxpayers of Iowa.

### Darcy Austin Remembered, 1958 – 2014

IPI lost a valued member of our



organization with the death of Darcy Austin on October 22, 2014 at the age of 56 after a yearlong battle with cancer.

Darcy was a big part of the IPI family for 34 years, starting in 1979 and taking retirement in 2013. The majority of those years, Darcy worked in the IPI sales office in Anamosa. In 1996 she was instrumental in developing a new license plate process that is used nationwide today.

Darcy was a kind and caring person and infused that in her work. She was a friend to all, coworkers and customers, and enjoyed life to the fullest. IPI did not have a more trusted and respected employee.

Surviving are her husband Keith, and daughters Jamie and Ali.

Darcy's full obituary can be found on-line at: <a href="http://www.thegazette.com/obituaries/darcy-austin-20141025-0001046985-01">http://www.thegazette.com/obituaries/darcy-austin-20141025-0001046985-01</a>.

## Jean Production Goes Lean

# A New Jean Manufacturing Plant Opened at the Fort Dodge Correctional Facility (FDCF)

Prior to the opening of the new plant, jeans were produced in the IPI Mitchellville Textiles shop utilizing traditional batch manufacturing practices with sit-down sewing machines. The work area was cluttered, with bundles of in-process materials at each work station. Quality issues were common and normally were not discovered until the end of the process.

With an empty space at FDCF, the IPI team set to work engineering a new operation using the principles of Lean Manufacturing. A stand-up assembly line operation was installed with only minimal work-in-process. Individual sewing operations were balanced, and hourly production was tracked and made visible to all team members. Operators were taught to stop and address quality issues as they were discovered, rather than passing them down the line.

The results have been impressive; average monthly production has doubled to

1,665 pairs per month. The entire area is cleaner and more organized, making a much more pleasant working environment. A team atmosphere has been instilled, and production operators are taught and expected to identify and solve problems as they occur. Customer complaints from the institutions for quality and delivery have virtually disappeared. Perhaps most importantly, the IPI production operators have learned new skills related to lean manufacturing, which will assist them upon release.

Future plans for Fort Dodge Textiles include adding a production line for jean jackets. Mitchellville Textiles continues to produce the rest of IPI's clothing and textiles items such as scrubs, undergarments and bed and bath linens.



BEFORE: Jean production at Mitchellville utilized batch manufacturing practices, which were inefficient and resulted in an unacceptable amount of quality issues.



AFTER: The new jean production assembly line at Fort Dodge is designed on Lean Manufacturing principles and is therefore clean, well-organized, and designed to find and address quality issues immediately.

## Lean Kaizen Event

### IPI Streamlines Order Processing at First Ever Lean Kaizen Event



Above & Below: These 2 photos show the comparison of the process an order for standard IPI products takes from the customer contact through order acknowledgment. Above is the original process and on bottom is the new, more streamlined process.



The week of January 5-9, 2015, nine IPI staff, one IPI customer and two State of Iowa Lean facilitators participated in IPI's first Kaizen event to apply Lean principles to IPI's order processing procedures from customer contact through order acknowledgment and shop notification.

IPI Co-Sponsors Bob Fairfax and Al Reiter, along with Director Dan Clark, brought together a cross-functional team to bring various viewpoints to the process. IPI staff included customer service, sales, marketing, production, purchasing and accounting staff. The team was fortunate to have a customer on the team; Carol Manternach from the Iowa Medical & Classification Center provided the customer's perspective to the process. The Kaizen event was facilitated by John Burke (Department of Human Services) and Marcia Tope (Department of Management).

The week-long event started with training on Lean principles and the Kaizen methodology. The group then moved right into mapping the current process, which took a couple of days. As the week continued, the team brainstormed and debated ideas for streamlining the process until it was determined which ideas would end up in the new process. Finally, the new process was developed. It was definitely a long but rewarding week for all those involved, and the team was very excited about the new process. Key changes of the new process included:

- All locations to follow the standard process
- Centralized Customer Service for all IPI locations
- Offenders enter orders into Global manufacturing system
- Increased website use for orders and quotes
- Import of website orders directly into Global
- One generic email address and toll-free phone number for customers
- Custom quotes priced by offenders and approved by shop staff

The new process was implemented in stages throughout the IPI shops, with the majority of the new process in place by July 1, 2015. The Kaizen team and all involved at IPI worked hard to meet this deadline. Like most major changes in a process, the transition to the new process had both successes and challenges along with way. Regular team meetings ensure progress is continuing onschedule and any issues are discussed and resolved. The "final" process continues to be a work-in-progress as continuous improvement is essential in any Lean process.

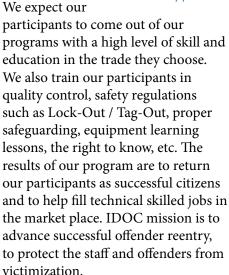
# Apprenticeship Programs

### **Iowa Department of Corrections Apprenticeship Program**

Many "returning citizens" in the Iowa Department of Corrections (IDOC) are taking advantage of opportunities in a skill-based training and education program. The IDOC has partnered with the U.S. Department of Labor Office of Apprenticeship to develop apprenticeship programs in five of Iowa's nine state institutions. A pilot program was started with the assistance of Iowa Prison Industries at the Anamosa State Penitentiary in early 2014. In June of 2015, programs were added for men at Clarinda, Rockwell City, Newton, and one for women at Mitchellville. In FY16 the Department plans to start programs at the remaining four facilities: Ft. Madison, Mt. Pleasant, Oakdale (IMCC), and Ft. Dodge.

There are currently sixteen apprenticeship programs offered including cabinet maker, welding combination, metal fabrication, computer operation, electrical maintenance, plumbing, cooking, refrigeration/air conditioning. Apprenticeship participants are taught using on-the-job training either within an IPI shop or the institution. Each year includes 144 hours of curriculum for each year in the program. The programs range from one year to five years.

At the end of FY15, 58 offenders were in an apprenticeship program, and that number continues to grow at a fast rate. At publication time, the number of apprentices has grown to 190. Twenty-three participants who completed the basic electrical program have moved on to study for the Iowa Electrical License test so they can become an A or B Journeyman. They can complete that before they leave the corrections system.



Registered Apprenticeships are innovative work-based learning and post-secondary earn-and-learn models that meet national standards for



Apprenticeship graduate Will Howard receives his certification from Apprentice Coordinator Tim Diesburg.

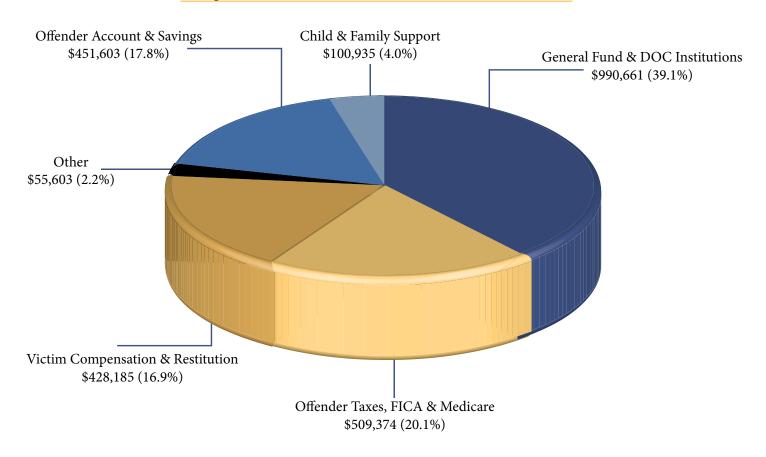
registration with the U.S. Department of Labor or federally recognized state apprenticeship agencies.

Apprentices throughout the US start working from day one with incremental wage increases as they become more proficient. The average starting wage is approximately \$15 per hour. The average wage for a fully proficient worker who has completed an apprenticeship is approximately \$50,000 annually. Apprentices who complete their program earn approximately \$300,000 more over their career than non-participants.

## Financials: Private Sector

	FY 2015	FY 2014	(Increase/Decrease)
Total Hours Worked	248,183	280,012	(31,829)
Inmates Employed (FTE)	119.2	134.6	(15.3)
Gross Wages	\$2,536,361	\$2,801,777	(\$265,416)
Withholdings for Taxes, FICA & Medicare	509,374	570,896	(61,522)
Court Ordered Child & Family Support	100,935	106,270	(5,335)
Victim Compensation & Restitution Payments	428,185	449,326	(21,141)
Other Miscellaneous Deductions	55,603	69,402	(13,799)
Amount Paid to Inmate Account & Savings	451,603	531,124	(79,521)
Returned to Iowa's General Fund & DOC Institutions	990,661	1,045,527	(54,866)

### **Wage Disbursement for Private Sector Offenders**

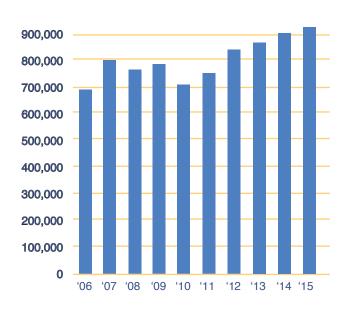


# Financials: Traditional

	FY 2015	FY 2014	Increase/(Decrease)
Total Hours Worked	925,121	900,310	24,811
Inmates Employed (FTE)	444.8	432.8	12.0

Income Statement	FY 2015	FY 2014	Increase/(Decrease)
Sales	24,172,639	28,801,147	(4,628,508)
Costs of Goods Sold	18,562,259	21,168,107	(2,605,848)
Gross Profit	5,610,380	7,633,040	(2,022,660)
Operating Expenses	4,412,478	4,512,942	(100,464)
Canteen Redistribution	637,375	616,867	20,508
Net Sustainable Income/(Loss)	\$560,527	\$2,503,231	(\$1,942,704)

### Training Hours for IPI Traditional Industries



### Net Sales for IPI Traditional Industries (\$ millions)



# Financials: Traditional

Balance Sheet	FY 2015	FY 2014	Increase/(Decrease)
Assets			
Current Assets			
Cash	4,779,625	7,582,356	(2,802,731)
Accounts Receivable	3,593,319	2,169,281	1,424,038
Inventory	7,651,877	7,371,325	280,552
Prepaid Expense	38,686	0	38,686
Total Current Assets	16,063,507	17,122,962	(1,059,455)
Property, Plant & Equipment			
Land	222,666	222,666	0
Machinery & Equipment	2,067,915	1,721,114	346,801
Buildings	6,556,508	5,439,410	1,117,098
Vehicles	359,278	360,738	(1,460)
Total Property, Plant & Equipment	9,206,368	7,743,928	1,462,440
Total Assets	\$25,269,875	\$24,866,890	\$402,985
Liabilities & Equity			
Liabilities			
Accounts Payable	1,151,756	1,063,369	88,387
Deferred Revenue	2,477	10,830	(8,353)
Total Current Liabilities	1,154,233	1,074,199	80,034
Long Term Liabilities			
Accrued Vacations Payable	568,965	581,309	(12,344)
Accrued Sick Leave Term/Ret Pay	172,990	277,364	(104,374)
SERIP/SLIP Cash Payment	0	56,062	(56,062)
SERIP/SLIP Insurance Payment	0	137,961	(137,961)
Total Long Term Liabilities	741,955	1,052,696	(310,741)
Total Equity	23,373,687	22,739,995	633,692
Total Liabilities & Equity	\$25,269,875	\$24,866,890	\$402,985

# Financials: Farms

	CY 2014	CY 2013	Increase/(Decrease)
Total Hours Worked	21,600	20,380	1,220
Inmates Employed (FTE)	10.6	9.8	0.8
Income Statement	CY 2014	CY 2013	Increase/(Decrease)
Revenues & Gain/(Loss) on Inventory	2,195,983	2,083,453	112,530
Total Operating Expenses	1,834,584	1,927,397	(92,813)
Operating Income	361,398	156,056	205,342
Other Income/(Expense)	17,502	5,842	11,660
Net Sustainable Income/(Loss)	\$378,901	\$161,898	\$217,003
Balance Sheet	CY 2014	CY 2013	Increase/(Decrease)
Assets			
Current Assets			
Cash	1,268,072	959,373	308,699
Accounts Receivable & Other	1,463,106	1,447,674	15,432
Total Current Assets	2,731,179	2,407,047	324,132
Fixed Assets			
Vehicles & Buildings (net)	557,333	514,106	43,227
Total Mach/Equip/Purch Breeding Stock	704,366	658,184	46,182
Total Fixed Assets	1,261,700	1,172,290	89,410
Total Other Assets (Land, PPE & Other)	608,416	620,101	(11,685)
Total Assets	\$4,601,294	\$4,199,438	\$401,856
Liabilities & Equity			
Total Current Liabilities	168,041	136,382	31,659
Total Long Term Liabilities	47,956	56,659	(8,703)
Total Liabilities	215,997	193,041	22,956
Total Equity	4,385,297	4,006,397	378,900
Total Liabilities & Equity	\$4,601,294	\$4,199,438	\$401,856

<sup>\*</sup>IPI Farms reports results on a Calendar Year basis

## Products & Services from IPI



Seating

Executive, Conference, Office & Task, Guest, Stackable, Stool, Education, Lounge, Restoration



Office & School Apparel

Embroidery & Garment Printing, Knits, Wovens, T-Shirts, Activewear, Outerwear, Headwear, Briefcases & Bags, School Uniforms



Federal Surplus

Acquires & Makes Available to Iowa Organizations Excess Federal Vehicles & Equipment



Library Furnishings

Circulation Desks, Bookcases & Shelving, Display & Storage, Tables, Seating



**Detention Furnishings** 

Beds & Accessories, Mattresses, Seating, Tables, Dining Clusters, Storage



Signs & Decals

MUTCD, Street Markers, Destination, Recreation, School Spirit, Custom, ADA Pictograms, Decals, Vehicle Markings, Banners



#### **Church Furnishings**

Pews & Seating, Pulpits & Lecterns, Tables, General Furnishings, Furniture Restoration



#### Chemicals & Cleaning Supplies

Green Seal Certified, General, Floor Care, Warewash, Laundry, Health Care, Germicidal



#### **Residence Furnishings**

Residential & Dormitory Beds & Accessories, Clothes Storage, Student Desks & Accessories, Lounge Furnishings



### Filing & Storage

File Cabinets, Bookcases, Storage Cabinets, Cabinetry & Countertops



#### Retirement Gifts/Engraving Services

Nameplates, Plaques, Recognition Boards, Acrylic Awards, Clocks, Drinkware, Pen & Pencil Sets



**Desks & Tables** 

Wood & Metal Office Systems, Modular Office Systems, Desks, Conference, Computer, General Use, Folding



Parks & Recreation

Wood, Metal & Aluminum Seating & Tables, Trash Receptacles, Smokers' Receptacles, Bike Racks, Grills, Docks & Piers



Printing/Graphic Arts

Newsletters, Calendars, Annual Reports, Brochures, Business Cards, Letterhead, Envelopes, Forms, Mail Services, Rubber Stamps



Offender Clothing & Textiles

Jeans, Scrubs, Jackets, Shirts, Undergarments, Mattresses, Bedding, Bath, Dietary Apparel, Laundry Bags



**Braille Transcription** 

Book & Music Transcription, Duplication, Braille On Demand



Moving & Install

Moving & Installation of Offices, Furniture, Miscellaneous Items



Air Filters

Standard & High Capacity Pleated, Polyester Pad, Synthetic Pocket



**School Furnishings** 

Classroom, Computer Lab, Science Lab, Music Room, Library, Multi-Purpose, Office & Administration, Buildings & Grounds, Outdoor Equipment



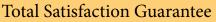
**Furniture Restoration** 

Wood Refinishing, Metal Refurbishing, Fabric Reupholstery



**Plastic Bags** 

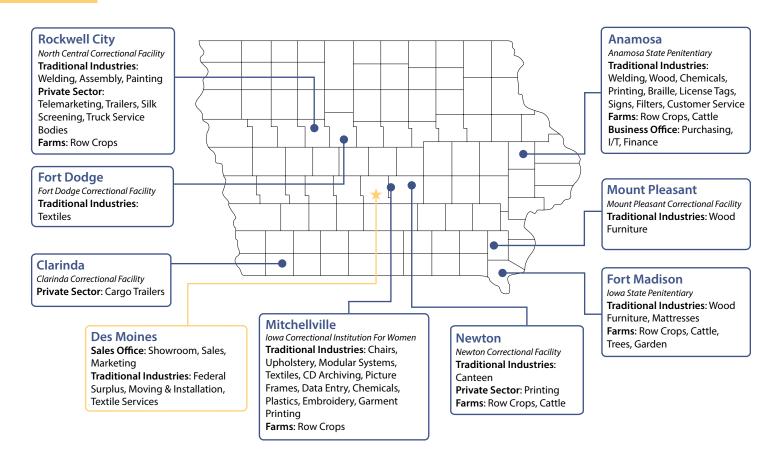
Biodegradable, Recycled Content, Printed, Biohazard, Food Storage



"We guarantee your Total Satisfaction on all purchases from Iowa Prison Industries! If you are unsatisfied with the quality of the materials or workmanship, we will adjust, repair or replace to YOUR satisfaction."

-Dan Clark, Director IPI

### Locations



## Contact Information

### Sales Office/Showroom

800-670-4537 | Fax: 515-242-5779

Bob Fairfax | 515-242-5778 Director of Sales & Marketing

Dennis Barry | 515-249-0694 County, State, and Federal Government

Andrew Gogerty | 515-330-0095 K-12 Education

Scott Klinefelter | 515-669-1954 Churches, City Government, Colleges & Universities, Health Care, Non-Profits

Kevin Peterson | 319-350-8536 **DOC/DHS Institutions, Regents** Universities, Service Statewide

### **Customer Service**

800-332-7922 | Fax: 800-741-0390 1445 E Grand Ave, Des Moines, IA 50316 406 N High St, Anamosa, IA 52205

### Teresa Engelbart

County, State and Federal Government

#### Chris Guy

**DOC/DHS Institutions** 

### **Diane Hughes**

Churches, City Government, Health Care, Non-Profit Organizations

#### **Deb Mahoney**

K-12 Education, Colleges & Universities

### **Business Office**

406 N High Street Anamosa, IA 52205 Phone: 319-462-3706

### **Purchasing Office**

406 N High Street Anamosa, IA 52205 Phone: 319-462-3706

### **Federal Surplus** Move & Install

600 SE 18th Street Des Moines, IA 50317 Phone: 515-266-6913

### **IPI Farms**

406 N High Street Anamosa, IA 52205 Phone: 319-462-3504 x7708

#### **IPI Plants**

Anamosa: 319-462-3547 Fort Madison: 319-376-4880 x41607 Mitchellville: 515-725-5310 Mount Pleasant: 319-385-1730 Newton: 641-791-9242 Rockwell City: 712-297-7717 Fort Dodge: 515-574-4700 x5014