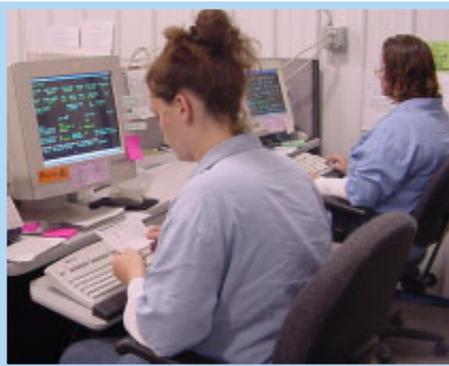


2004-2005 Annual Report



IOWA STATE UNIVERSITY

THE UNIVERSITY OF IOWA



JOHNSTON COMMUNITY SCHOOL DISTRICT

A Program That Works For The Citizens Of Iowa



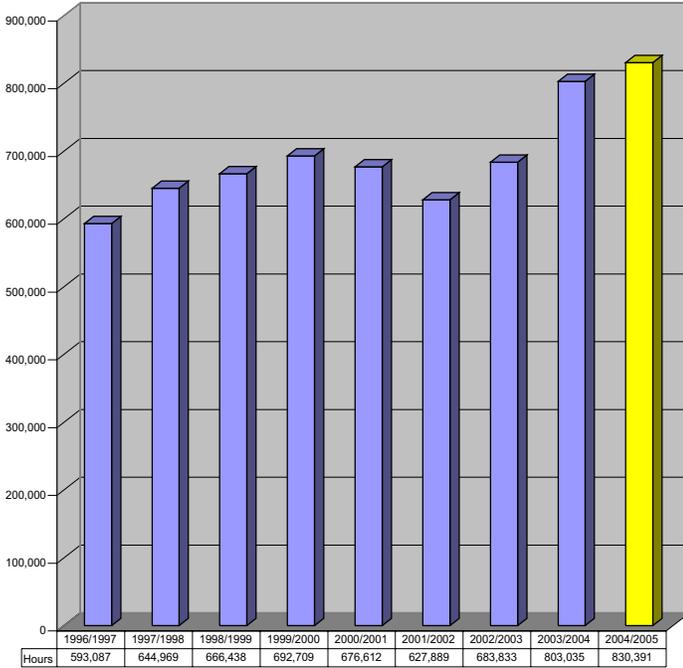
Iowa Prison Industries

A Division of The Department of Corrections
420 Watson Powell Jr. Way
Des Moines, IA 50309
800-670-4537 • www.iaprisonind.com

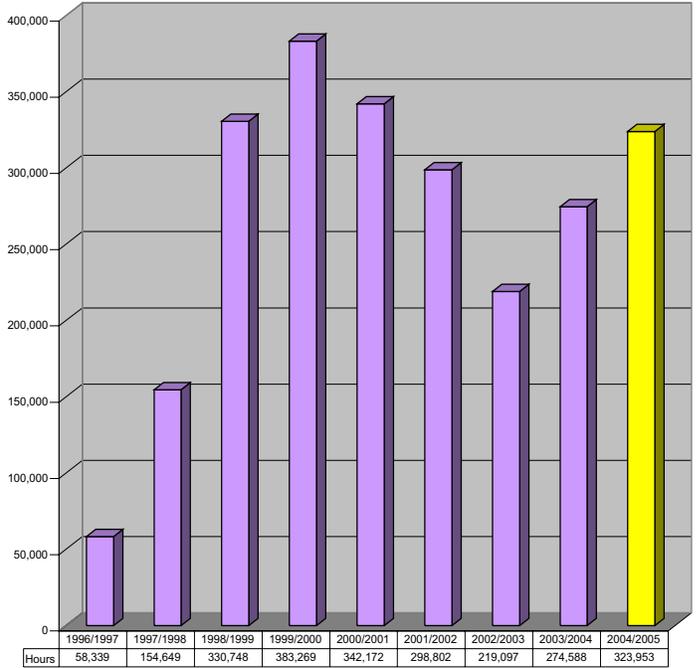
"Your State Owned Store"

Inmate Work History

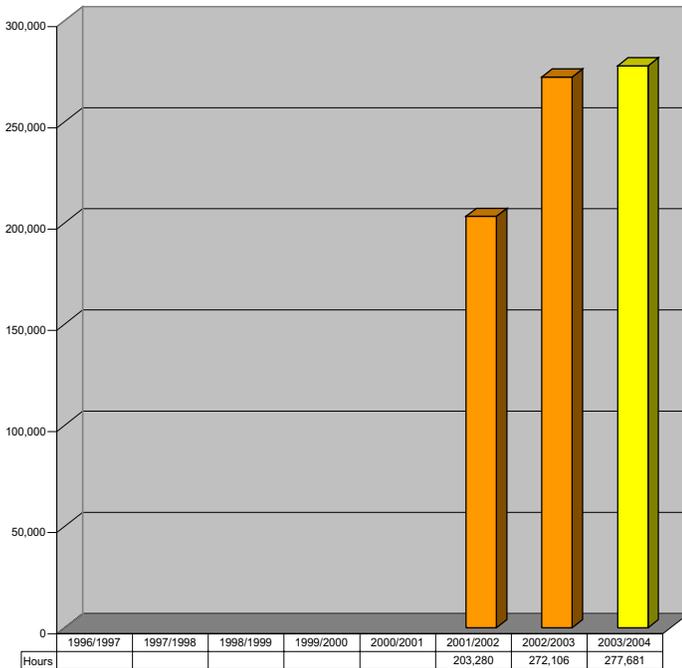
Traditional Industries Hours



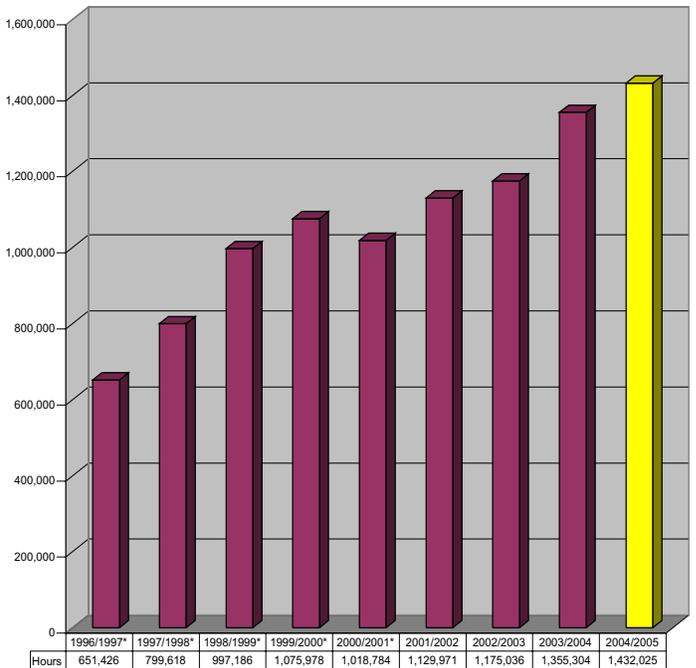
Private Sector Hours



Farms Hours*



Total IPI Inmate Hours



*Includes all farm work, DNR & community service.

2005 at a Glance

Civilians Employed: 90

Inmate Jobs:

Traditional Industries 424
 Private Sector 232
 Farms 154
Total 810

Sales Revenue:

Traditional Industries \$19,582,139
 Private Sector \$2,571,735*
 Farms \$806,300
Total \$22,960,174

MISSION STATEMENT



To employ staff and inmates who are dedicated to providing:

- Exceptional Service**
- Reasonable Prices**
- Quality Products**

It is this commitment to excellence that will allow our business to remain self-funding, achieve growth, provide more jobs for inmates and staff and assume a national leadership role in correctional industries.

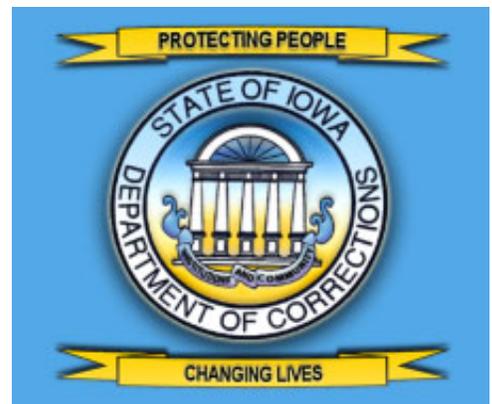
Vision

By ensuring our mission is achieved, we will have assisted the Department of Corrections in protecting the public, staff, and inmate safety through vital work programs that will ensure the offenders' chances of a successful return to society as tax-paying citizens upon their release.

*Pass through to the General Fund

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IPI Overview



Inmate Labor:

IPI is a program that works by changing the lives of offenders so that they have a chance to become responsible, law-abiding, tax-paying individuals when they return to society.

Benefits of inmate labor:

- Provides Job Training
- Reduces Disruption and Violence
- Reduces Taxpayers' Costs
- Satisfies Citizens' Expectations

IPI provided over 800 jobs throughout Iowa during FY 2005. No other program is more important to the successful re-entry of an offender than work ethic and interpersonal skill development.

IPI focuses heavily upon hard skill development by hands-on teaching of craftsmanship and on the soft skill development of cooperation and teamwork.

IPI inmates are among the finest craftsmen that can be found in a prison setting as is evidenced by our "Customer Report Card;" receiving over 97% "Excellent" or "Good" rating on Service, Quality and Pricing (see page 20 for full results) with 99.6% of customers saying they would recommend IPI to others.

**Diversity...
Everyone Counts**

Inmate Wage Scale:

\$.50 for unskilled workers up to \$1.00 for skilled workers.

Industries Role In Rehabilitation Focuses On:

Soft Skills:

1. How to get along with others
2. How to interview
3. Problem solving
4. Customer satisfaction
5. Taxpayer expectation

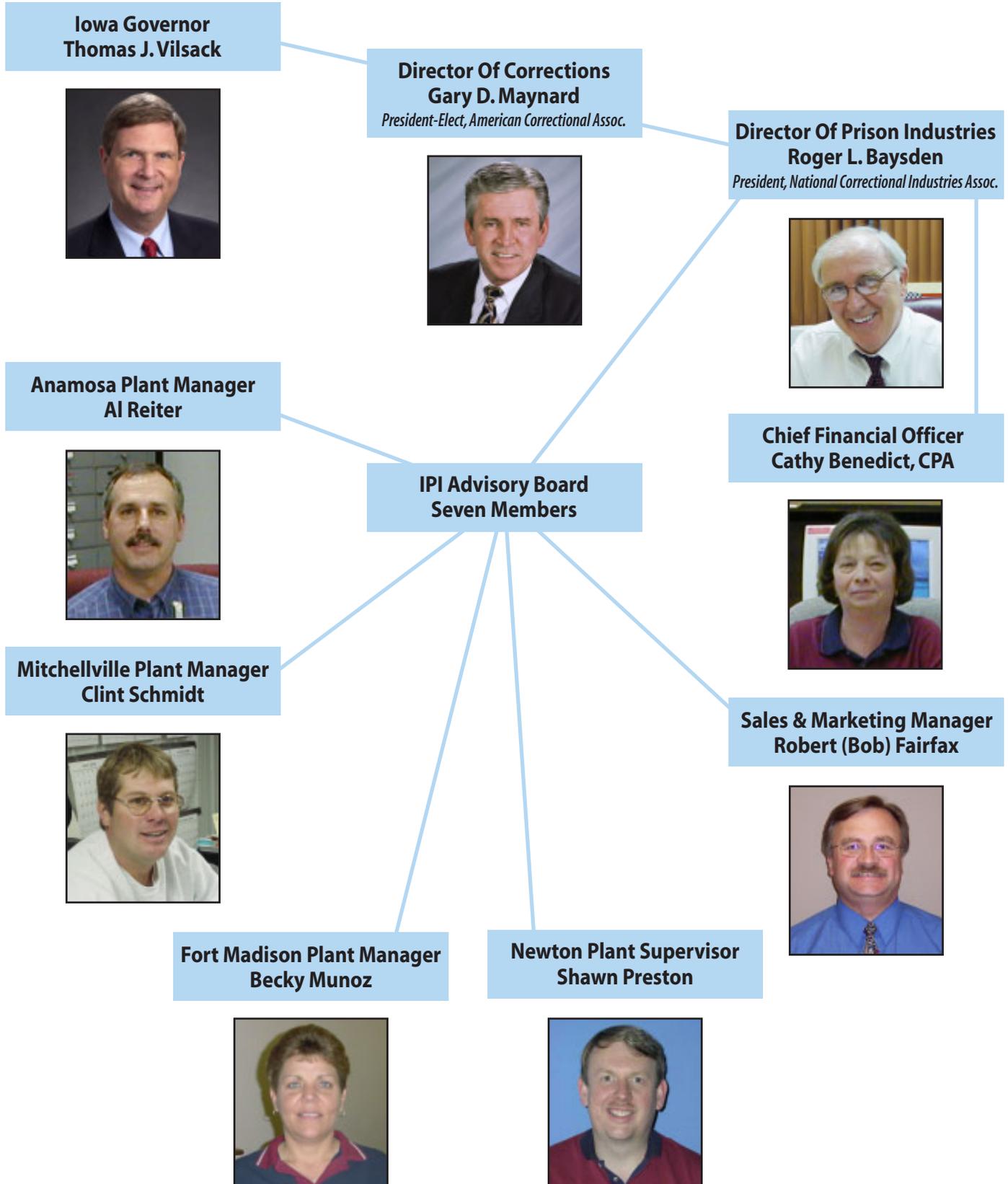
Hard Skills:

1. Work / production
2. Measurements
3. Technology / design
4. Quality control
5. Performance rewards

**Satisfied Customers
Equal More Work**



Organizational Chart



IPI Advisory Board



Who They Are:

Name	Professional Organization	Year Of Rotation	Term On Board
Mildred Slater	AFL/CIO-Labor Representative	2005	2nd
Michael Peters	Voc-Tech Education Representative	2007	2nd
Pat DeLuhery Director, DGS	Governor's Representative	2005	1st
Dr. A. Douglas Hillman	Financial Representative	2007	2nd
Curtis Jenkins	Parole Board Representative	2007	4th (Chair)
Jack High	Manufacturing Representative	2007	1st
Dr. Kathleen Delate	Agriculture Representative	2005	1st

What They Do:

- Board meetings are held quarterly and rotate between all prisons with industries.
- Board members bring specialized expertise to IPI that has proven valuable.
- Board members:
 - Approve new business ventures.
 - Approve IPI's overall operations plans.
 - IPI Farm operations.
 - IPI / Private Sector operations.
 - Represent public and private business and labor.



Legislative Mandates

2005-2006

1. **Mandate:** The Department of Corrections shall submit a report on inmate labor to the general assembly, the co-chairpersons and the ranking members of the joint appropriations subcommittee on the justice system, and to the legislative fiscal bureau by January 15, 2006. The report shall specifically address the progress the department has made in implementing the requirements of section 904.701, inmate labor on capitol improvement projects, community work crews, inmate produce gardening and private sector employment.

Response: Details may be found throughout this report.

2. **Mandate:** Each month the department shall provide a status report regarding private sector employment to the legislative fiscal bureau beginning on July 1, 2004. The report shall include the number of offenders employed in the private sector, the combined number of hours worked by the offenders, and the total number of allowances pursuant to Iowa Code 904.702, including any moneys deposited in the general fund of the state.

Response: IPI provides a summary report to the Legislative Fiscal Bureau monthly.

3. **Mandate:** The Department of Corrections shall work to increase produce gardening by inmates under the control of the correctional institutions, and, if appropriate, permits use of the central distribution network at the Woodward State Resource Center. The Department of Corrections shall file a report with the co-chairpersons and ranking members of the joint appropriations subcommittee on the justice system by December 1, 2005, regarding the feasibility of expanding the number of acres devoted to organic gardening and to the growing of organic produce for sale.

Response:

- A. IPI Farms will sell its 1st organic crop in 2006.
- B. Exploring organic beef.



What Is Iowa Prison Industries?

Iowa Prison Industries is the manufacturing division of the Department of Corrections adult correctional system.

Iowa Prison Industries is a supplier of goods and services to State and local government agencies, public educational systems, and not-for-profit organizations that receive tax dollars.

Iowa Prison Industries is self-supporting through its revenues from sales. IPI supplies quality products and services to government agencies at competitive prices.

Iowa Prison Industries supplies many of the needs of the correctional system (such as furniture, clothing, cleaning supplies, printing and modular panels), reducing the taxpayers' costs for operating the State's prisons.

Iowa Prison Industries is a correctional program: industrial production teaches work habits and skills to men and women who typically have no prior meaningful employment experience and who, once released, will need legitimate work. Correctional industries contribute to higher post-release employment success and lower recidivism (return to prison) rates.



Iowa Prison Industries is part and parcel of the management and control of Iowa's ever increasing prison population. IPI represents the primary tool for eliminating idleness, a leading cause of disruptiveness and violence behind prison walls.

Iowa Prison Industries is a large-scale purchaser of goods and services, supporting many businesses in small and large communities throughout the State.

Iowa Prison Industries replicates outside working world conditions. IPI inmates punch time clocks and are paid an hourly stipend (depending on the job title and time in grade) with the additional possibility of productivity bonuses. An inmate's work shift is typically seven hours per day, five days per week. In extraordinary circumstances, overtime may be authorized to meet deadlines. Again to replicate outside realities, IPI inmate workers are required either to have a high school diploma or to be making progress toward earning an equivalency diploma.

Iowa Prison Industries employs 90 staff workers, up from 78 in 2004, in various capacities of inmate management.

**Iowa Prison Industries Is
100% Self-Funding!**

Iowa Prison Industries Is The Best Value In State Government!

Benefits To Taxpayers:

- Iowa Prison Industries is 100% self-funding.
- Iowa Prison Industries provided over 1.4 million hours of tax-free inmate training in FY2005.
- Iowa Prison Industries provided over 800 inmate jobs and trained over 1,300 inmates in work programs in FY2005.
- Iowa Prison Industries is the single most important tool available that will impact recidivism. IPI provides hope.

Iowa Prison Industries purchased over \$14.8 million in raw materials, supplies & services locally in 2005.

Benefits To Corrections:

Iowa Prison Industries programmatic benefits include:

- Security, inmate control, reduced idleness.
- Helps to prepare inmate for re-entry into society.
- Reduces operating costs for the prison.

*"the analysis of the effect of prison industries participation on institutional behavior found a consistent pattern of lower rates of involvement in officially-recorded disciplinary violations among inmates assigned to industry programs"**

*Hindelang Criminal Justice Research Center, State of New York at Albany

Benefits To Customers:

- Over 97% of Iowa Prison Industries' customers rated IPI an EXCELLENT or GOOD supplier in FY2005 and 99.6% said they would recommend IPI to others.
- Quality products.
- Real value for their money.
- Reliable labor at reasonable rates.
- Full-service operation.

**Satisfied customers keep coming back!
97% of our customers rated us
EXCELLENT or GOOD in FY2005!**

Benefits To Offenders:

- Marketable skills.
- Developing of a sound work ethic.
- Self confidence and pride of accomplishment.
- Savings and family support.

Offenders are released with a sparkle of hope!

Iowa Prison Industries Is A Tax-Free Program!

IPI Traditional Industries



Traditional Industries employs 5% of the DOC Offenders, resulting in over \$2.7 million in salary savings to DOC.

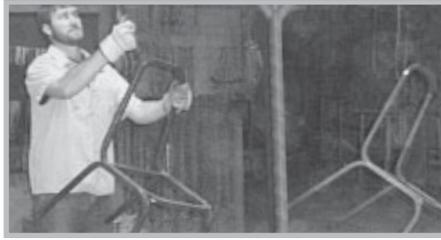
- IPI operates under a business model.
- IPI is 100% self-funding, receiving no appropriations.
- Industries' revolving funds pay union scale wages, construct workspaces, purchase raw materials and equipment.
- Inmates earn \$.50 - \$1.00 per hour.
- Customers are limited to not-for-profit and government agencies.
- IPI operates 31 separate training centers for inmate offenders.

IPI Traditional Industries provided 830,391 hours of inmate contact in 2005. (+3.4%)

Plant Locations:	Year Industry Opened	2005 Inmates Employed (Average)
1) Anamosa	1935	162
2) Fort Madison	1935	160
3) Mitchellville	1999	43
4) Newton	2003	59
		424 Total

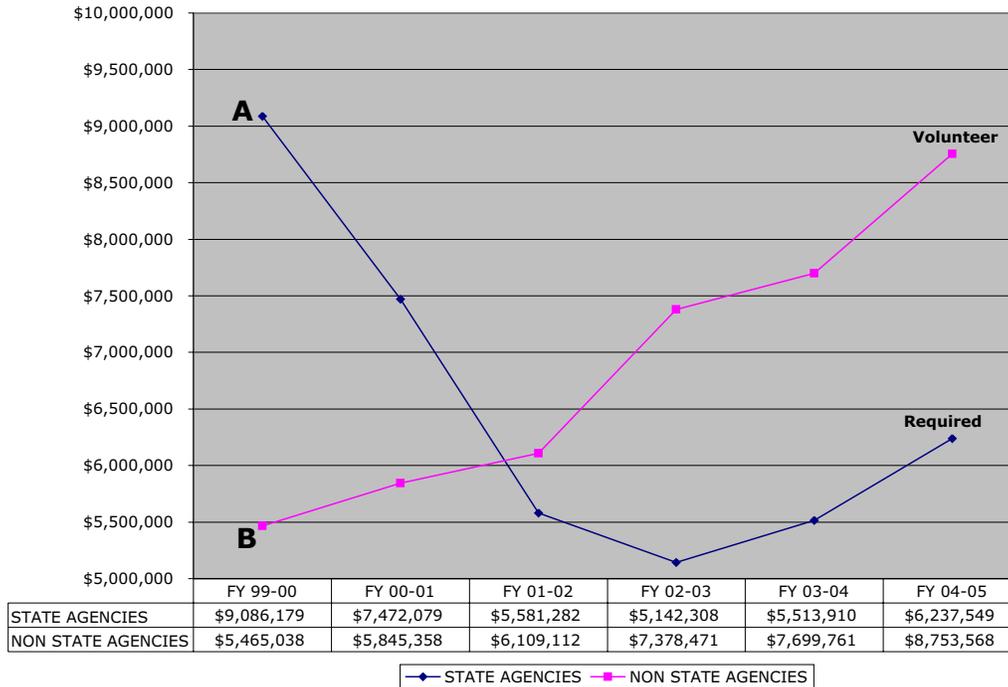
Quick Facts:

- Traditional Industries growth opportunities are limited by our imagination and our ability to continue to provide high quality products when our customers want them.
- Traditional Industries is likely to experience greater growth over the next 10 years in service-oriented ventures.
- IPI employs 81 full-time staff and operates with a 8% average vacancy rate in order to maintain low prices, thus ensuring our sustainability.
- IPI operates under the guidance of a seven member Advisory Board.
- IPI purchased over \$14.8 million in local raw materials, supplies and services in FY2005.



Sales Trend

State Agency vs Non State Agency Purchases



Summary of State Agency Purchases

- Since 1999, IPI sales to state agencies have decreased 31% from \$9.0 million to \$6.2 million.
- In 2005, IPI sales to state agencies increased 13.1% from the previous year, a \$723,639 increase.
- In 2005, the Department of Revenue reported to IPI state purchases of like IPI products of \$9,233,001.

2005 State Agency Purchases vs. Waivers Requested

- In 2005, state purchases from IPI totaled \$6,237,549.
- In 2005, state purchases NOT from IPI totaled \$9,233,001.
- 2005 Waivers

Requested:	19	\$177,572.99
Granted:	15	\$147,675.49

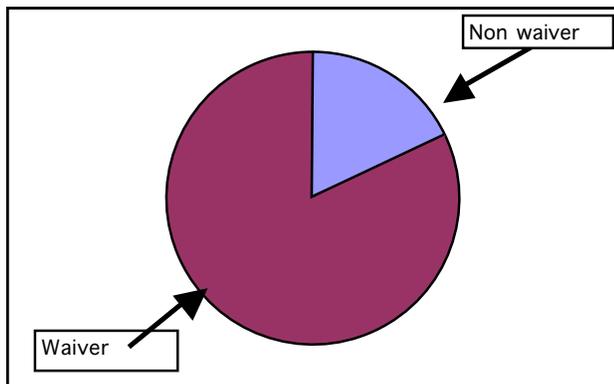
**Waiver Process Is Not Being Used!
Code 904-808 Is Ignored!**

Top 50 Customers



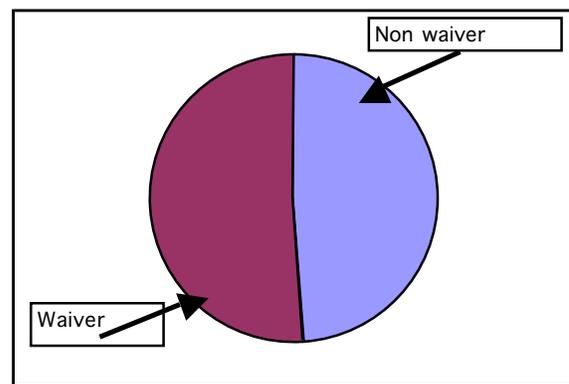
FY 1999 - 2000		DOLLARS	
1	IOWA STATE UNIVERSITY	\$	1,650,764
2	VARIOUS SURPLUS DEPT.	\$	169,758
3	UNIVERSITY OF IOWA	\$	103,448
4	LINN CO. ENGINEER	\$	69,989
5	DAVENPORT SCHOOL ADMIN.	\$	49,765
6	GRINNELL COLLEGE	\$	48,912
7	COURT ADMIN. / WATERLOO	\$	46,043
8	MT. PLEASANT COMM. SCHOOL	\$	44,134
9	DES MOINES IND COMM. SCHOOL	\$	43,029
10	DOT - DES MOINES	\$	1,189,582
11	DOT - AMES	\$	919,749
12	HUMAN SERVICES DEPT.	\$	745,970
13	ECONOMIC DEV. DEPT	\$	718,084
14	FT. DODGE CORR. FACILITY	\$	467,205
15	ICIW - MITCHELLVILLE	\$	318,631
16	NEWTON CORR. FACILITY	\$	299,802
17	MT. PLEASANT CORR. FACILITY	\$	284,891
18	ANAMOSA STATE PENITENTIARY	\$	273,962
19	IOWA STATE PENITENTIARY	\$	263,457
20	GLENWOOD STATE HOSPITAL	\$	199,935
21	CLARINDA CORR. FACILITY	\$	179,488
22	DHS REGION 5	\$	160,578
23	NATURAL RESOURCES/DM	\$	149,503
24	EDUCATION DEPT	\$	139,946
25	CENTRALIZED PRINTING	\$	135,037
26	STATE VEHICLE DISPATCH	\$	134,430
27	HUMAN RIGHTS DEPT.	\$	129,933
28	DHS REGION 3	\$	124,586
29	BOARD OF MEDICAL EXAMINERS	\$	117,616
30	IMCC - OAKDALE	\$	111,280
31	CORRECTIONS DEPT.	\$	101,571
32	GENERAL SERVICES DEPT.	\$	100,847
33	HUMAN SERVICES DEPT.	\$	89,756
34	REVENUE DEPT	\$	89,223
35	IOWA VETERANS HOME	\$	88,027
36	DHS REGION 1	\$	86,427
37	DHS REGION 2	\$	85,463
38	IOWA WORKFORCE DEV.	\$	80,941
39	NORTH CENTRAL CORR. FACILITY	\$	73,966
40	CIVIL RIGHTS COMM.	\$	72,182
41	PHARMACY EXAMINER BRD	\$	70,573
42	DHS REGION 4	\$	68,533
43	THIRD JUDICIAL DISTRICT	\$	62,020
44	CLARINDA YOUTH CORP.	\$	61,360
45	WOODWARD RESOURCE CENTER	\$	61,029
46	DENTAL EXAMINER BRD	\$	58,882
47	VOCATIONAL REHABILITATION	\$	55,583
48	HEALTH DEPT.	\$	53,368
49	PERSONNEL DEPT	\$	43,319
50	MHI / MT PLEASANT	\$	42,674
TOTAL		\$	10,735,251

FY 2004 - 2005		DOLLARS	
1	IOWA STATE UNIVERSITY CONTRACT	\$	1,665,583
2	DES MOINES IND CMMTY SCHOOL	\$	856,904
3	UNIVERSITY OF IOWA (CONTRACT)	\$	639,407
4	WARTBURG COLLEGE	\$	305,116
5	JOHNSTON CMMTY SCHOOL	\$	213,112
6	LUTHERAN SERVICES IN IOWA	\$	169,554
7	IOWA STATE UNIVERSITY(NON-CONTRACT)	\$	162,710
8	UNIVERSITY OF IOWA (NON-CONTRACT)	\$	158,486
9	MT PLEASANT CITY OF	\$	94,157
10	DAVENPORT SCHL ADMIN SERV CENT	\$	82,878
11	CORNHUSKERS STATE INDUSTRIES	\$	78,351
12	CEDAR RAPIDS CMMTY SCHOOL	\$	77,176
13	IOWA CITY CMMTY SCHOOL	\$	76,020
14	UNITED METHODIST CONF CENTER	\$	74,736
15	VARIOUS SURPLUS CUSTOM (REGTX)	\$	73,324
16	NORTH CAROLINA DEPT OF	\$	72,871
17	MORNINGSIDE COLLEGE	\$	65,778
18	WATERLOO CMMTY SCHOOL	\$	65,752
19	MINNCOR INDUSTRIES	\$	56,205
20	WEST POINT PUBLIC LIBRARY	\$	55,602
21	IOWA CITY CMMTY SCHOOLS	\$	55,045
22	LINN CO ENG	\$	53,054
23	STONE CITY IRON & METAL	\$	51,264
24	CENTRAL CANTEEN	\$	45,187
25	DOT DES MOINES VEHICLE REG	\$	1,032,196
26	NATURAL RESOURCE DSM	\$	628,227
27	GLENWOOD RESOURCE CTR #91	\$	420,578
28	DOT AMES	\$	311,591
29	DHS FISCAL MGMT	\$	305,841
30	MT PLEASANT CORR FAC	\$	275,181
31	FORT DODGE CORR FACILITY	\$	233,699
32	ANAMOSA ST PENITENTIARY	\$	226,484
33	NEWTON CORRECTIONAL FAC	\$	214,950
34	CLARINDA CORRECTIONAL FAC	\$	214,802
35	IOWA STATE PENITENTIARY	\$	212,451
36	ECONOMIC DEVELOPMENT DEPT	\$	166,634
37	IOWA VETERANS HOME	\$	139,599
38	IOWA WORKFORCE DEV	\$	117,334
39	IOWA MEDICAL CLASS CENTER	\$	116,810
40	NORTH CENTRAL CORR FAC	\$	99,231
41	BLIND DEPT FOR THE	\$	79,258
42	IOWA CRRCTNL INST WOMEN	\$	78,008
43	PUBLIC HEALTH PLAN & ADM	\$	70,110
44	MHI INDEPENDENCE	\$	61,332
45	COLLEGE AID COMM	\$	59,063
46	DHS SERVICE AREA 6	\$	55,798
47	REVENUE DEPT OF	\$	52,799
48	WOODWARD RESOURCE CTR	\$	52,180
49	DHS SERVICE AREA 7	\$	45,879
50	ADMINISTRATIVE SERV DEPT OF	\$	44,505
TOTAL		\$	\$10,562,811



FY 1999 - 2000

18% of customers are non waiver
 82% of customers are waiver
 Non-Waiver Customers: 9 of Top 50



FY 2004 - 2005

48% of customers are non waiver
 52% of customers are waiver
 Non-Waiver Customers: 24 of Top 50
Expanded Customer Base

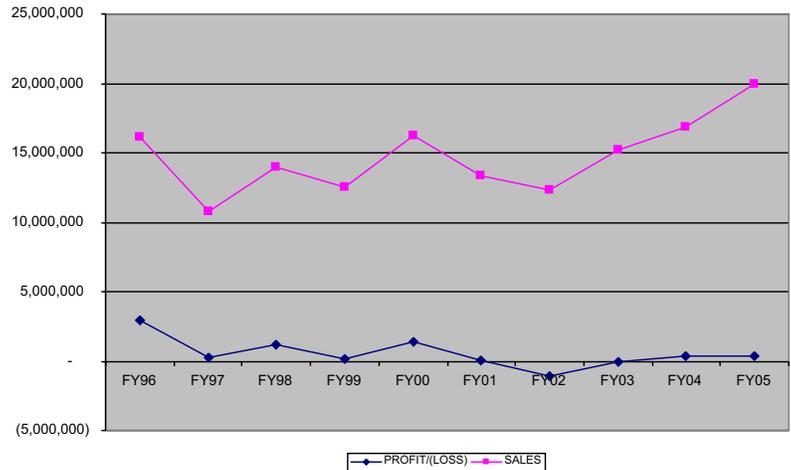


10-Year Trends

Sales & Profit Trends, FY1996 - FY2005

	PROFIT	SALES
FY05	401,110	19,582,139
FY04	332,976	16,483,191
FY03	(71,199)	15,291,186
FY02	(1,063,259)	13,386,781
FY01	10,247	13,333,308
FY00	1,376,615	14,841,110
FY99	166,956	12,373,677
FY98	1,177,554	12,823,937
FY97	211,165	10,531,420
FY96	2,908,614	13,176,709*

*License Tag Issue in 1996



IPI's mandate is to employ offenders, not to make money.

- IPI has increased sales each year, in spite of agencies continuing to ignore Iowa Code 904.808. The Auditor's Report has previously reported this and has recommended code change or corrective action by the legislature.
- 1996 was the last license tag re-issue. Profits increase during re-issue years.
- In 2005, IPI rebated \$687,000 to the Department of Corrections for Canteen.
- In 2005, IPI took over the Federal Surplus operations from DAS. Federal Surplus will be consolidated with State Surplus, which IPI has operated since 1997.
- In 2006, IPI will consolidate all Des Moines operations into the IPI Complex at 2323 Dean Avenue, which will house the IPI Showroom, State Surplus and Federal Surplus.

Issues Of Concern:

- State agencies ignore Iowa Code 904.808 Purchasing Requirements.
- 85% of Fort Madison's work is for Colleges and K-12. Loss of business will result in loss of inmate training jobs and the reduction in Industries' staff. All IPI staff are non-appropriated.
- Customers who ARE NOT OBLIGATED to buy from IPI account for over 50% of our business; \$9 million in 2005 vs \$5 million in 2000 (see pages 9 & 10).
- Customers who by code are required to buy from IPI largely ignore the code (see pages 9 & 10).

Financial Statement Summary

FY 2005

IPI Supports The Local Economy: IPI Purchased Over \$14.8 Million in Local Raw Materials, Supplies & Services In FY2005

	SALES		CHANGE	
	FY 2004-2005	FY 2003-2004	\$	%
ANAMOSA				
License Plates	\$1,014,697	\$1,165,162	(\$150,465)	-13%
Sign	2,329,240	2,346,897	(17,658)	-1%
Graphic Arts	768,090	826,984	(58,895)	-7%
Housekeeping/Laundry	1,371,989	1,225,978	146,011	12%
Metal Furniture	2,272,093	1,962,629	309,464	16%
Custom Wood	630,969	405,008	225,961	56%
Braille	146,454	92,682	53,772	58%
Auto Body	0	87,253	(87,253)	-100%
ANAMOSA TOTAL	8,533,531	8,112,593	420,938	5%
FT MADISON				
Furniture	3,148,646	2,324,291	824,355	36%
Textile	710,083	595,175	114,908	19%
Tourism/Call Center	160,529	133,915	26,614	20%
Drycleaning	15,942	22,834	(6,892)	-30%
FT MADISON TOTAL	4,035,199	3,076,215	958,984	31%
MITCHELLVILLE				
MV Panels & Seating	1,576,607	1,426,761	149,846	11%
Mitchellville Printing	325,270	298,016	27,254	9%
CD Rom	133,129	105,596	27,533	26%
Surplus Property	120,118	145,968	(25,850)	-18%
Federal Surplus Property	990	0	990	(5,901)
Moving & Installation	305,833	249,937	55,896	22%
MITCHELLVILLE TOTAL	2,461,946	2,226,278	235,668	11%
PLASTICS	179,188	37,307	141,881	380%
CANTEEN	4,372,275	3,030,798	1,341,477	44%
TOTAL	19,582,140	16,483,191	3,098,949	19%

**FY 2005 Unaudited*

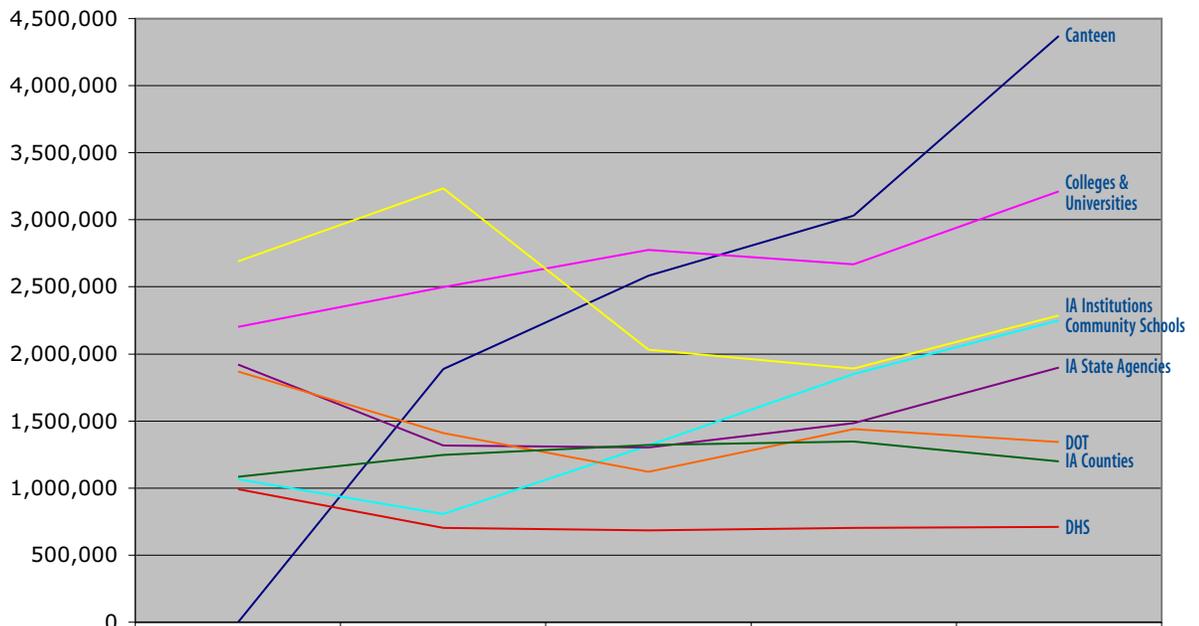


Sales By Customer Category

July 1, 2004 - June 30, 2005

CUSTOMER CATEGORY	TOTAL DOLLARS	CUSTOMER CATEGORY	TOTAL DOLLARS
Iowa Institutions	2,285,958	Colleges & Universities	3,210,531
Iowa Institutions - Canteen	4,371,481	Community Schools	2,250,915
Iowa State Agencies	1,898,192	Private Schools	81,321
Dept. of Human Services	708,918	Hospitals	9,221
Dept. of Transportation	1,344,481	Health Care Facilities	26,637
Non-Iowa State Agencies	410,369	Churches	32,377
Iowa Counties	1,200,412	Child Care Facilities	201,284
Counties Miscellaneous	84,021	IPI Employees	31,175
Minnesota Counties	63,308	State/County/City Employees	160,872
Iowa City Clerks	648,899	Miscellaneous	307,850
Cities Miscellaneous	28,118	Intercompany (IPI sales)	218,747
Minnesota City Clerks	5,678	TOTAL	19,582,139
Minnesota Miscellaneous	1,374		

5-Year Trend Of Top Customer Categories



	FY00-01	FY01-02	FY02-03	FY03-04	FY04-05
Iowa Institutions-Canteen	0	1,889,012	2,584,498	3,030,798	4,371,481
Colleges & Universities	2,200,769	2,496,133	2,774,977	2,669,597	3,210,531
Iowa Institutions	2,690,107	3,234,353	2,030,066	1,889,251	2,285,958
Community Schools	1,065,395	807,189	1,316,944	1,851,341	2,250,915
Iowa State Agencies	1,921,598	1,316,498	1,303,804	1,483,680	1,898,192
Dept. of Transportation	1,868,513	1,409,467	1,122,024	1,439,140	1,344,481
Iowa Counties	1,085,203	1,247,796	1,322,856	1,345,886	1,200,412
Dept. of Human Services	991,861	702,787	686,414	701,839	708,918

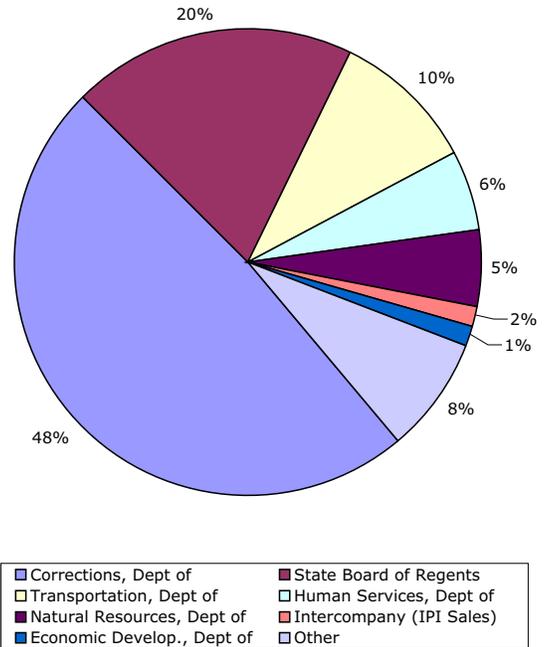
*FY 2005 Unaudited

State Agency Sales By Division

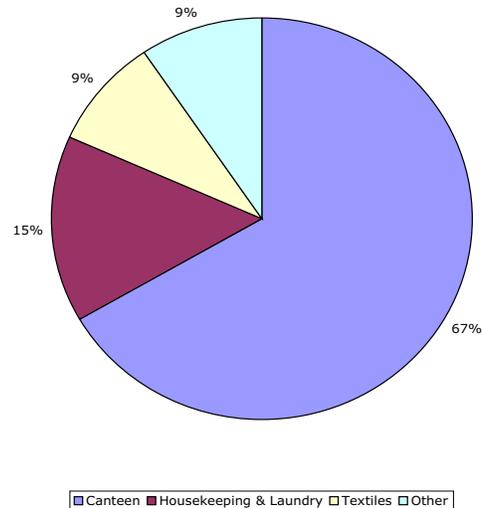
FY 2005

State Agency	FY04-05	FY03-04
Agr & Land Stdship, Dept of	2,450	13,059
Blind, Dept of	79,259	97,139
Civil Rights Commission	254	832
College Aid Commission	59,063	24,111
Commerce, Dept of	26,827	17,439
Corrections, Dept of	6,558,885	4,470,516
Cultural Affairs, Dept of	12,976	7,378
DAS - Dept of Management	2,593	521
DAS - Finance	7,436	
DAS - General Services	89,097	162,088
DAS - HRE (Personnel)	21,105	9,370
DAS - Information Technology Serv	1,050	0
Economic Development, Dept of	184,355	354,234
Education, Dept of	57,372	43,818
Elder Affairs, Dept of	6,890	11,927
Employment Services, Dept of	120,338	348,367
Executive Branch	12,907	10,820
Executive Council	0	0
Gov Office of Drug Control	103	
Human Rights, Dept of	4,462	2,356
Human Services, Dept of	767,859	1,009,418
IA Communication Network	4,881	13,012
IA Ethics and Campaign Disclosure	0	0
IA Lottery	1,326	
Inspection & Appeals, Dept of	40,874	26,941
Iowa State Fair	1,664	124
Judicial Branch	26,364	20,281
Justice, Dept of	11,888	13,173
Law Enforcement Academy	4,242	3,985
Legislative Branch	6,752	1,484
Mental Health Institutions	76,718	
Miscellaneous Boards	0	36
Natural Resources, Dept of	677,046	252,173
Public Defense, Dept of	36,073	82,341
Public Employee Relations Board	8,119	2,356
Public Health, Dept of	119,755	72,640
Public Safety, Dept of	32,653	27,575
Revenue, Dept of	52,799	23,951
Secretary of State	5,558	2,443
State Auditor	884	3,334
State Board of Regents	2,657,039	2,035,963
State Employees Credit Union	0	0
State Treasurer	864	3,457
Transportation, Dept of	1,344,481	1,439,108
Veterans Affairs	182	
Veterans Affairs, IA Commission	139,337	173,030
Intercompany (IPI Sales)	218,750	
TOTAL	13,483,530	10,780,800

Agency Sales As Percent of Total State Agency Sales



DOC Sales As Percent of DOC Sales





Sales Analysis By Month

FY2001 - FY2005

	FY04-05	FY03-04	FY02-03	FY01-02	FY00-01
JULY	1,930,036	2,069,242	1,541,134	1,422,261	1,626,536
AUGUST	2,463,479	1,764,327	1,116,652	983,358	990,306
SEPTEMBER	1,540,608	1,247,376	1,072,832	1,118,952	914,511
OCTOBER	1,402,589	978,276	1,084,397	920,575	740,355
NOVEMBER	1,157,950	812,799	906,847	936,362	762,996
DECEMBER	1,359,368	979,738	1,062,669	911,573	1,053,360
JANUARY	1,655,490	980,979	1,082,734	945,338	878,980
FEBRUARY	1,231,856	826,730	771,141	1,071,231	1,153,653
MARCH	1,391,238	1,173,919	1,203,198	886,910	946,344
APRIL	1,283,655	1,427,878	1,006,230	1,093,246	1,181,420
MAY	1,297,656	1,884,641	2,388,478	1,790,199	2,046,423
JUNE	2,868,216	2,337,286	2,054,876	1,463,137	1,279,354
TOTAL SALES	\$19,582,140	\$16,483,190	\$15,291,187	\$13,543,142	\$13,574,238

Quick Facts:

IPI has done an excellent job of balancing sales and work by month. However, we continue to struggle with balancing sales by month.

- In 2001, 45% of sales occurred in a 4 month time span.
- In 2005, 45% of sales also occurred within 4 months even though sales increased by 45% from \$13.5 million in 2001 to \$19.5 million in 2005.

Financial Facts

FY 2005



	TOTAL	ANAMOSA	FT MADISON	M-VILLE	PLASTICS	CANTEEN
Sales	19,582,141	8,533,532	4,035,199	2,461,947	179,188	4,372,275
Net Profit/(Loss)	401,112	373,565	(40,058)	74,315	(6,710)	0
As a % Sales	2.05%	4.38%	-0.99%	3.02%	-3.74%	0.00%
Cost of Goods Sold with Ovhd	14,835,169	6,438,124	3,157,793	1,988,994	180,952	3,069,306
As a % of Sales	75.76%	75.45%	78.26%	80.79%	100.98%	70.20%
Raw Mat Cost of Goods Sold	10,215,527	4,210,051	1,677,891	1,127,963	130,316	3,069,306
As a % of Sales	52.17%	49.34%	41.58%	45.82%	72.73%	70.20%
Locational Admin Exp (Total)	2,370,651	1,232,861	677,019	262,596	2,649	195,526
As a % of Sales	12.11%	14.45%	16.78%	10.67%	1.48%	4.47%
Sales & Marketing Exp	917,742	553,851	231,973	128,189	2,625	1,104
As a % of Sales	4.69%	6.49%	5.75%	5.21%	1.46%	0.03%
Warehouse Exp	758,704	442,378	250,562	20,495	0	45,269
As a % of Sales	3.87%	5.18%	6.21%	0.83%	0.00%	1.04%
Other Locational Admin Exp	694,205	236,632	194,484	113,912	24	149,153
As a % of Sales	3.55%	2.77%	4.82%	4.63%	0.01%	3.41%
Corporate Admin & Other Rev/Exp (net)*	867,798	488,982	240,445	136,042	2,297	32
As a % of Sales	4.43%	5.73%	5.96%	5.53%	1.28%	0.00%
Manufacturing Exp	4,594,140	2,205,990	1,466,419	871,479	50,252	419,604
As a % of Sales	23.46%	25.85%	36.34%	35.40%	28.04%	9.60%
Operations Expense (Canteen)	419,604					
Canteen Redistribution Expense	687,807	687,807				
Salary Expense**						
Loc Adm Sal	334,766	80,595	153,545	100,626	0	0
As a % of Sales	1.71%	0.94%	3.81%	4.09%	0.00%	0.00%
Factory Labor	2,763,100	1,224,494	797,268	460,224	18,213	262,901
As a % of Sales	14.11%	14.35%	19.76%	18.69%	10.16%	6.01%
Loc Sales Sal	185,722	153,747	31,975	0		
As a % of Sales	0.95%	1.80%	0.79%	0.00%		
Warehouse Sal	554,495	386,355	168,140	0		
As a % of Sales	2.83%	4.53%	4.17%	0.00%		
Sales Rep & Sales Adm - Corp	155,679					
Sales Rep - 4 Furniture	183,798					
Sales Rep - Hksg/Text/Plastics	66,819					
Sales Rep Total	406,296					
Sales Rep Total As a % of Sales	2.07%					
Corp Admin Sal	826,294					
As a % of Sales	4.22%					
Total Salary Expense	5,070,673					
As a % of Sales	25.89%					
**Salaries also included in other areas above						
*Includes: \$120,000 per year to DOC for rent \$200,000 per year to DOC for utilities						
CASH ON HAND	1,788,224					
ACCTS REC	2,702,837					
ACCTS PAYABLE	1,057,061					

*FY 2005 Unaudited



Historical Statistics

FY	Total Sales	Profit	Average Inmate Employment	Inmate Contact Hours - Work Training, Security	Annual Productivity Per Inmate Employee	Average IPI Staff
2005	\$19,582,139	\$401,110	410	811,522	\$47,761	78
2004	\$16,483,191	\$332,976	365	774,622	\$45,159	78
2003	\$15,291,186	(\$71,199)	328	658,168	\$46,619	76
2002	\$13,386,781	(\$1,063,259)	316	648,749	\$42,363	84
2001	\$13,333,308	\$10,247	333	647,598	\$40,040	89
2000	\$14,841,110	\$1,376,615	328	658,269	\$45,247	80
1999	\$12,373,677	\$166,956	334	626,131	\$37,047	76
1998	\$12,823,937	\$1,177,554	323	607,113	\$39,703	75
1997	\$10,531,420	\$211,165	310	564,774	\$33,856	74
1996	\$13,176,709	\$2,908,614	347	624,600	\$34,973	70
1995	\$10,602,302	\$910,825	299	538,200	\$35,459	68
1994	\$10,330,073	\$787,859	281	505,800	\$36,762	64
1993	\$8,821,510	\$215,660	258	496,134	\$34,192	60
1992	\$7,838,082	\$431,357	246	473,058	\$32,156	64
1991	\$7,910,415	\$264,349	258	464,142	\$30,660	66
1990	\$7,463,546	\$120,996	279	501,921	\$26,751	66
1989	\$7,635,756	\$633,037	264	474,936	\$28,923	65
1988	\$6,728,285	\$256,235	292	525,308	\$23,042	63
1987	\$6,160,054	\$43,628	273	491,127	\$22,564	63
1986	\$5,811,996	\$170,190	267	480,333	\$21,768	68

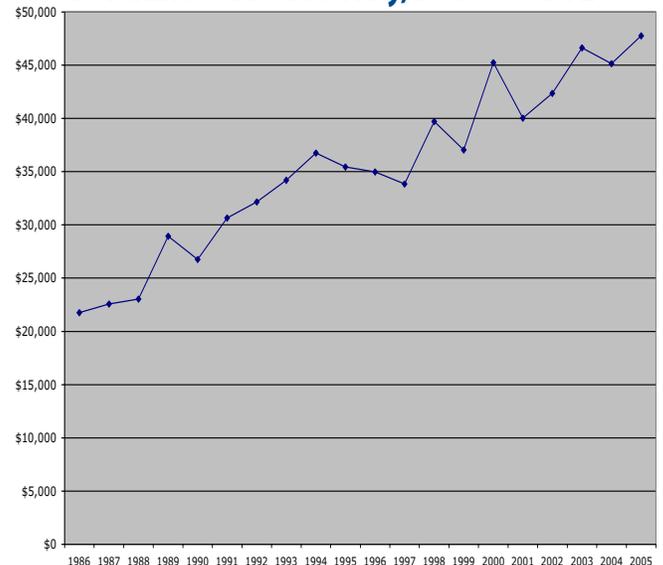
Sales have nearly tripled over the last 20 years with a staff increase of only ten.

Inmate productivity has more than doubled over the last 20 years.

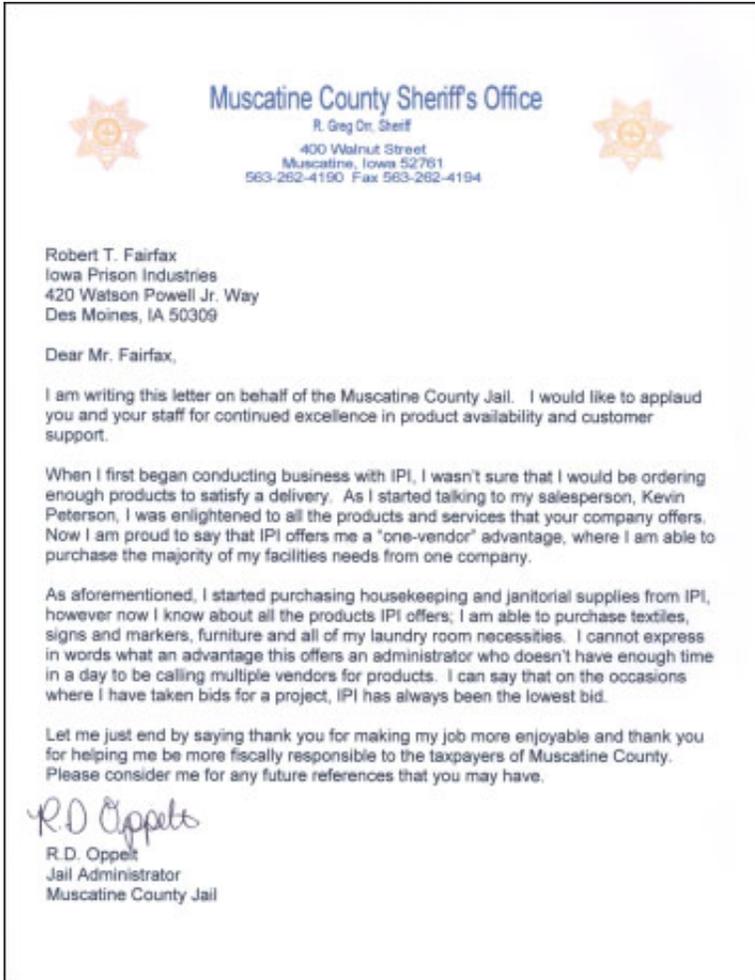
Sales, FY1986 - FY2005



Per Inmate Productivity, FY1986 - FY2005



Customer Testimonials



Muscatine County Sheriff's Office: Chemicals, Textiles, Signs, Furniture

"I would like to applaud you and your staff for continued excellence in product availability and customer support... I am proud to say that IPI offers me a "one-vendor" advantage, where I am able to purchase the majority of my facilities needs from one company."

– R.D. Oppelt,
Jail Administrator
May 2005

Governor's Office: Furniture

"I wanted to tell you what a fabulous job IPI did on Matt Paul's bookshelf. It looks as if it has been there all along. The stain matches perfectly. I'm also impressed by how quickly the job was completed."

– Kelly Thompson,
Executive Assistant
May 2005





Customer Testimonials

Cornell College: Library Furnishings

“The book return is very nice. It looks like it belongs here and that a visitor would think it was part of the original furnishings because it blends so nicely. Please extend our compliments to all those who worked on it. They did a fine job.”

– *Glenda Davis-Driggs,*
Circulation Supervisor
May 2005



Meehan Memorial-Lansing Public Library: Library Furnishings

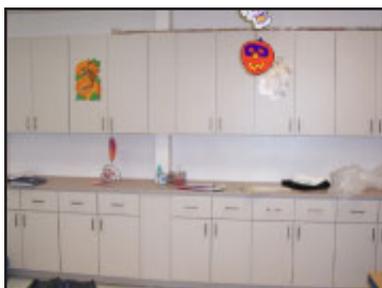
“It’s been a pleasure working with Iowa Prison Industries in our expansion/renovation project. They have provided us with sturdy, attractive furniture that compliments our new interior... The cost was within reason and the delivery and set-up was done in a very timely manner.”

– *Mabel Stahl,*
Director/Librarian
February 2005

Olin School: Library Furnishings

“We are very pleased with our new library shelving and would be very happy to show it off for anyone interested in seeing it. It is great to get a very durable, excellent product for a very affordable price.”

– *Carrie Fortin,*
Board Secretary/Treasurer
December 2004



Danville High School: Library Furnishings/Cabinetry

“[I] can’t begin to tell you how pleased I am with your finished product... The workmanship is beautiful, you all can be very proud of the products that leave your facility. Thanks again for the great job.”

– *Janet Hesler,*
Guidance Clerk
October 2004



Customer Satisfaction Cards

FY2005

	Anamosa			Mitchellville		
	Excellent	Good	Below Average	Excellent	Good	Below Average
Sales Representative Knowledge	86.4%	13.6%	0.0%	86.3%	13.7%	0.0%
Timeliness of Delivery	67.1%	24.5%	8.4%	63.1%	35.4%	1.5%
Delivery Service	78.2%	18.5%	3.3%	81.1%	11.3%	7.5%
Quality of Goods	85.9%	13.7%	0.4%	72.2%	22.2%	5.6%
Value for Money	81.9%	17.7%	0.4%	72.5%	27.5%	0.0%
Questions/Problems Handled Promptly	84.2%	14.8%	1.0%	80.9%	17.0%	2.1%
<i>Average</i>	<i>80.3%</i>	<i>17.3%</i>	<i>2.4%</i>	<i>75.4%</i>	<i>21.8%</i>	<i>2.8%</i>
	Yes	No	Maybe	Yes	No	Maybe
Would you recommend us to others?	99.5%	0.0%	0.5%	100.0%	0.0%	0.0%

	Fort Madison			IPI Overall		
	Excellent	Good	Below Average	Excellent	Good	Below Average
Sales Representative Knowledge	100.0%	0.0%	0.0%	87.0%	13.0%	0.0%
Timeliness of Delivery	50.0%	50.0%	0.0%	65.7%	27.5%	6.7%
Delivery Service	100.0%	0.0%	0.0%	79.5%	16.6%	3.9%
Quality of Goods	90.9%	9.1%	0.0%	83.7%	15.0%	1.3%
Value for Money	100.0%	0.0%	0.0%	80.8%	18.8%	0.3%
Questions/Problems Handled Promptly	90.0%	10.0%	0.0%	83.8%	15.0%	1.1%
<i>Average</i>	<i>87.7%</i>	<i>12.3%</i>	<i>0.0%</i>	<i>79.7%</i>	<i>17.9%</i>	<i>2.4%</i>
	Yes	No	Maybe	Yes	No	Maybe
Would you recommend us to others?	100.0%	0.0%	0.0%	99.6%	0.0%	0.4%



**Satisfied Customers
Tell Their Friends.**



Code Sections

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; and
 - 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; and
 - d. Accumulate savings so that such inmates will have funds for necessities upon their eventual return to the community.

904.803-PRISON INDUSTRY ADVISORY BOARD

1. **There is established a state prison industries advisory board, consisting of seven members selected as prescribed by this subsection.**
 - a. Five members shall be appointed by the governor for terms of four years beginning July 1 of the year of appointment. They shall be chosen as follows:
 - (1) One member shall represent agriculture and one member shall represent manufacturing, with particular reference to the roles of their constituencies as potential employers of former inmates of the state's correctional institutions.
 - (2) One member shall represent labor organizations, membership in which may be helpful to former inmates of the state's correctional institutions who seek to train for and obtain gainful employment.
 - (3) One member shall represent agencies, groups and individuals in this state which plan and maintain programs of vocational and technical education oriented to development of marketable skills.
 - (4) One member shall represent the financial industry and be familiar with accounting practices in private industry.
 - b. One member each shall be designated by and shall serve at the pleasure of the state director and the state board of parole, respectively.
 - c. Upon the resignation, death or removal of any member appointed under paragraph "a" of this subsection, the vacancy shall be filled by the governor for the balance of the unexpired term. In making the initial appointments under that paragraph, the governor shall designate two appointees to serve terms of two years and three to serve terms of four years from July 1, 1977.
2. **Biennially, the industries board shall organize by election of a chairperson and a vice chairperson, as soon as reasonably possible after the new appointees have been named.** Other meetings shall be held at the call of the chairperson or of any three members, as necessary to enable the industries board to discharge its duties. Board members shall be reimbursed for expenses actually and necessarily incurred in the discharge of their duties, and those members not state employees shall also be entitled to a per diem as specified in section 7E.6 for each day they are so engaged.
3. **The state director shall provide such administrative and technical assistance as is necessary to enable the industries board to discharge its duties.** The industries board shall be provided necessary office and meeting space at the seat of government.

Code Sections



904.804-DUTIES OF THE BOARD

The industries board's principal duties shall be to promulgate and adopt rules and to advise the state director regarding the management of Iowa State Industries so as to further the intent stated by section 904.801.

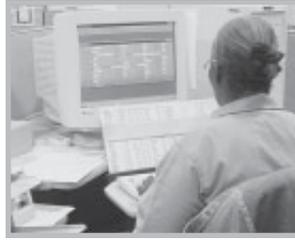
904.805-DUTIES OF THE DIRECTOR

The state director, with the advice of the industries board, shall:

1. **Conduct market studies** and consult with public bodies and officers who are listed in section 904.807, and with other potential purchasers, for the purpose of determining items or services needed and design features desired or required by potential purchasers of Iowa State Industries products or services.
2. **Receive, investigate and take appropriate action upon any complaints** from potential purchasers of Iowa State Industries products or services regarding lack of cooperation by Iowa State Industries with public bodies and officers who are listed in section 904.807, and with other potential purchasers.
3. **Establish, transfer and close industrial operations as deemed advisable** to maximize opportunities for gainful work for inmates and to adjust to actual or potential market demand for particular products or services.
4. **Establish and from time to time adjust, as necessary, levels of allowances** paid to inmates working in Iowa State Industries.
5. **Coordinate Iowa State Industries, and other opportunities for gainful work available to inmates of adult correctional institutions, with vocational and technical training opportunities and apprenticeship programs, to the greatest extent feasible.**
6. **Promote, plan, and when deemed advisable, assist in the location of privately owned and operated industrial enterprises** on the grounds of adult correctional institutions, pursuant to section 904.809.

904.808-STATE PURCHASING REQUIREMENTS (Poorly Enforced)

1. **A product possessing the performance characteristics of a product listed in the price lists prepared pursuant to section 904.807 shall not be purchased by any department or agency of state government from a source other than Iowa state industries, except:**
 - a. When the purchase is made under emergency circumstances, which shall be explained in writing by the public body or officer who made or authorized the purchase if the state director so requests; or
 - b. When the state director releases, in writing, the obligation of the department or agency to purchase the product from Iowa State Industries, after determining that Iowa State Industries is unable to meet the performance characteristics of the purchase request for the product, and a copy of the release is attached to the request to the Director of Revenue and Finance for payment for a similar product, or when Iowa State Industries is unable to furnish needed products, comparable in both quality and price to those available from alternative sources, within a reasonable length of time. Any disputes arising between a purchasing department or agency and Iowa State Industries regarding similarity of products, or comparability of quality or price, or the availability of the product, shall be referred to the Director of the Department of General Services, whose decision shall be subject to appeal as provided in section 18.7. However, if the purchasing department is the Department of General Services, any matter which would be referred to the director under this paragraph shall be referred to the executive council in the same manner as if the matter were to be heard by the Director of the Department of General Services. The decision of the executive council is final.
2. **The state director shall adopt and update as necessary rules setting specific delivery schedules for each of the products manufactured by Iowa State Industries.** These delivery schedules shall not apply where a different delivery schedule is specifically negotiated by Iowa state industries and a particular purchaser.
3. **A department or agency of the state shall cooperate and enter into agreements, if possible, for the provision of products and services under an inmate work program** established by the state director under section 904.703.



IPI Private Sector

**Partners In
Progress**

- 232 inmates work in private sector, or about 2.5% of DOC offenders.
- Private Employers may employ inmates in Iowa.
- Private Employers must pay prevailing wages. Inmates earn \$5.80 to \$11.00 per hour.
- Private Employers are obligated to offer inmates a job upon release from prison.
- Iowa inmates may keep no more than 20% of their wages. Refer to page 24 for wage distribution.
- Private Employers must provide all supervision. NO state assistance is available.
- IPI/DOC has local responsibility for program administration, under the guidance of the Federal Bureau of Justice.
- Private Sector inmates have paid over \$3 million in TAXES since 1999.
- Private Sector inmates have paid over \$1.5 million in restitution since 1999.
- Private Sector inmates have paid almost \$800,000 in Victims Comp since 1999.
- Private Sector inmates have paid back to the General Fund over \$5.6 million since 1999.

Private Sector provided 329,305 hours of inmate contact in 2005. (+19.9%)

Quick Facts:

- Private Sector jobs are the fastest growing jobs nationally.
- Private Sector jobs are almost always service/manufacturing.
- Private Sector jobs are the most cost efficient jobs the state can offer.
- Private Sector jobs are the most volatile, highly dependent upon a strong economy.

Little known fact: IPI inmates paid more in child support in 2003 than all of the Iowa inmates combined earned in 1997!

Private Sector Statistics



80% of an inmate's wages go to satisfy obligations!

Year To Date - JUNE 2005 (FY 2005)

EMPLOYER NAME	AVG. NUMBER INMATES	TOTAL HOURS	GROSS WAGE	TAXES: FED, SOC SEC MEDICARE & IA	FAM/CHILD SUPPORT	NET WAGE	RESTITUTION	VICTIM COMP	SAVINGS	INMATE ACCOUNT	GENERAL FUND OFFSET
DEE ZEE	14.25	17,719	\$ 147,542.48	\$ 27,486.44	\$ 9,555.39	\$ 110,176.65	\$ 19,107.25	\$ 7,377.25	\$ 633.52	\$ 28,872.20	\$ 54,183.63
H AND H TRAILER	64.5	111,954	\$ 947,343.28	\$ 187,157.65	\$ 96,955.90	\$ 663,074.73	\$ 86,199.01	\$ 47,362.74	\$ 2,155.48	\$ 187,003.12	\$ 340,052.28
HAWKEYE GLOVE	7.8	24,371	\$ 161,093.22	\$ 34,304.00	\$ 12,161.71	\$ 114,627.51	\$ 13,385.17	\$ 8,055.37	\$ 631.15	\$ 31,280.57	\$ 60,967.92
JET COMPANY	21.3	23,245	\$ 200,793.61	\$ 40,612.68	\$ 26,147.09	\$ 110,713.84	\$ 22,186.40	\$ 10,030.97	\$ 1,094.98	\$ 39,047.20	\$ 38,354.29
MAJESTIC TRUCK	6	8,275	\$ 67,787.28	\$ 12,266.61	\$ 10,045.96	\$ 42,555.46	\$ 8,073.69	\$ 3,389.39	\$ 197.31	\$ 13,370.14	\$ 17,524.93
MIDLAND PLASTIC	7.63	14,795	\$ 119,164.64	\$ 22,559.60	\$ 21,533.50	\$ 74,461.54	\$ 14,386.42	\$ 5,958.20	\$ 303.44	\$ 23,527.92	\$ 30,283.96
MINNESOTA GLOBAL MARKETIN	24.3	2,886	\$ 18,409.49	\$ 2,289.08	\$ 1,093.96	\$ 15,026.45	\$ 2,286.63	\$ 920.49	\$ 246.77	\$ 3,384.13	\$ 8,142.17
MISTY HARBOR-FT. DODGE	8	10,999	\$ 90,685.24	\$ 16,688.76	\$ 6,012.45	\$ 67,984.03	\$ 7,508.97	\$ 4,534.45	\$ 98.41	\$ 18,037.86	\$ 37,803.35
MISTY HARBOR-ROCKWELL	15.4	24,939	\$ 207,566.83	\$ 41,378.29	\$ 13,633.43	\$ 134,810.08	\$ 20,029.60	\$ 10,378.53	\$ 1,040.92	\$ 40,472.55	\$ 62,888.48
NUAGE MARKETING SOLUTIONS	34.1	35,137	\$ 208,719.83	\$ 34,128.96	\$ 22,221.72	\$ 151,433.15	\$ 18,912.01	\$ 10,416.42	\$ 891.05	\$ 40,789.03	\$ 80,422.67
ROCK COMMUNICATIONS	20.4	37,784	\$ 287,215.55	\$ 54,695.74	\$ 24,355.00	\$ 207,738.81	\$ 37,940.68	\$ 14,328.61	\$ 890.00	\$ 56,540.26	\$ 98,009.22
SULLY TRUCK	8.3	17,203	\$ 115,413.75	\$ 22,795.14	\$ 12,909.54	\$ 79,709.07	\$ 14,801.31	\$ 5,771.09	\$ 318.65	\$ 22,758.35	\$ 36,053.72
TOTAL	231.98	329,305	\$ 2,571,735.20	\$ 496,362.95	\$ 256,625.65	\$ 1,772,311.32	\$ 264,817.14	\$ 128,523.51	\$ 8,501.68	\$ 505,083.33	\$ 864,686.62

- (1) CGB is now Rock Communications
 (2) Warren workers paid through Manpower from 9/1/01 to 2/14/02. Warren (who pays through Manpower) laid off all inmates on 2/14/02.
 (3) Clark closed 10/6/01, 1/12/02 Clark paid work crew to clean and for vacation hours.
 (4) Resorts Marketing shutdown 12/4/01 (7) Resorts Marketing closed June, 2005 (General Fund Offset is Rest & Remainder)
 (5) Calhoun County closed 12/21/01
 (6) Sawmill Valley closed 6/15/02
 (8) Warren Foods closed Nov. 2001.
 (9) Heartland closed. Final payroll 12/13/02. NuAge Marketing solutions taking over Heartland operation in 2003.
 (10) Midland is on shutdown from Thanksgiving until after the first of the year (2003).
 (11) Minnesota Global Marketing new April, 2004.
 (12) Jet Company new July, 2004.
 (13) Minnesota Global Marketing closed September, 2004.

SUMMARY TOTALS 2005 - 1999

	AVG. NUMBER INMATES	TOTAL HOURS	GROSS WAGE	TAXES: FED, SOC SEC MEDICARE & IA	FAM/CHILD SUPPORT	NET WAGE	RESTITUTION	VICTIM COMP	SAVINGS	INMATE ACCOUNT	GENERAL FUND OFFSET
TOTALS - FY2004	216	274,588	\$ 2,147,928	\$ 412,515	\$ 209,179	\$ 1,512,957	\$ 220,533	\$ 107,370	\$ 8,325	\$ 420,810	\$ 755,539
TOTALS - FY2003	142	219,097	\$ 1,636,900	\$ 307,900	\$ 185,429	\$ 1,130,540	\$ 164,498	\$ 81,847	\$ 7,693	\$ 318,965	\$ 556,829
TOTALS - FY2002	166	298,802	\$ 2,149,279	\$ 490,727	\$ 185,278	\$ 1,462,564	\$ 219,119	\$ 107,411	\$ 12,377	\$ 417,059	\$ 705,872
TOTALS - FY2001	206	342,173	\$ 2,514,808	\$ 548,487	\$ 255,436	\$ 1,708,823	\$ 224,555	\$ 125,672	\$ 15,528	\$ 487,212	\$ 855,650
TOTALS - FY2000	457	383,269	\$ 2,762,989	\$ 573,899	\$ 197,480	\$ 2,006,368	\$ 225,463	\$ 137,370	\$ 21,353	\$ 528,228	\$ 1,075,332
TOTALS - FY1999	180	330,748	\$ 2,327,186	\$ 491,012	\$ 130,169	\$ 1,798,191	\$ 245,995	\$ 108,297	\$ 7,634	\$ 453,065	\$ 885,960
7-YEAR TOTAL (1999-2005)	1599	2,177,982	\$ 16,110,825	\$ 3,320,903	\$ 1,419,597	\$ 11,391,754	\$ 1,564,980	\$ 796,491	\$ 81,412	\$ 3,130,422	\$ 5,699,869

Everyone Is A Winner:

- **Inmates** get real-life work experience and a job offer upon release.
- **Employers** report that the inmates are very good workers and eager to be productive.
- **Taxpayers** enjoy the benefits of the inmates' wage distribution to others.

Almost Excellent Code Language:

- **Only one flaw:** The burden of upkeep of the building and federal training is now funded by Traditional Industries. This is turn is passed on to IPI customers.
- **Recommendation:** If there is support from the legislature in January, we would like to see a code change to allow Industries to offset our costs on Private Sector.



Code Section

904.809-PRIVATE SECTOR EMPLOYMENT

1. **The following conditions shall apply to all agreements to provide private industry employment for inmates of correctional institutions:**
 - a. The state director and the industries board shall comply with the intent of section 904.801.
 - b. An inmate shall not be compelled to take private industry employment.
 - c. Inmates shall receive allowances commensurate with those wages paid persons in similar jobs outside the correctional institutions. This may include piece rating in which the inmate is paid only for what is produced.
 - d. Employment of inmates in private industry shall not displace employed workers, apply to skills, crafts, or trades in which there is a local surplus of labor, or impair existing contracts for employment or services.
 - e. Inmates employed in private industry shall be eligible for workers' compensation in accordance with section 85.59.
 - f. Inmates employed in private industry shall not be eligible for unemployment compensation while incarcerated.
 - g. The state director shall implement a system for screening and security of inmates to protect the safety of the public.
2.
 - a. **Any other provision of the Code to the contrary notwithstanding, the state director may, after obtaining the advice of the industries board, lease one or more buildings or portions thereof on the grounds of any state adult correctional institution, together with the real estate needed for reasonable access to and egress from the leased buildings, for a term not to exceed twenty years, to a private corporation for the purpose of establishing and operating a factory for the manufacture and processing of products, or any other commercial enterprise deemed by the state director to be consistent with the intent stated in section 904.801.**
 - b. Each lease negotiated and concluded under this subsection shall include, and shall be valid only so long as the lessee adheres to, the following provisions:
 - (1) Persons working in the factory or other commercial enterprise operated in the leased property, except the lessee's supervisory employees and necessary support personnel approved by the industries board, shall be inmates of the institution where the leased property is located who are approved for such work by the state director and the lessee.
 - (2) The factory or other commercial enterprise operated in the leased property shall observe at all times such practices and procedures regarding security as the lease may specify, or as the state director may temporarily stipulate during periods of emergency.
3. **The state director, with the advice of the prison industries advisory board, may provide an inmate work force to private industry. Under the program inmates will be employees of a private business.**

Code Section



904.809-PRIVATE SECTOR EMPLOYMENT (Continued)

4. **Private or nonprofit organizations may subcontract with Iowa State Industries to perform work in Iowa State Industries shops located on the grounds of a state institution.** The execution of the subcontract is subject to the following conditions:
 - a. The private employer shall pay to Iowa State Industries a per unit price sufficient to fund allowances for inmate workers commensurate with similar jobs outside corrections institutions.
 - b. Iowa State Industries shall negotiate a per unit price which takes into account staff supervision and equipment provided by Iowa State Industries.
5. **a. An inmate of a correctional institution employed pursuant to this section shall surrender to the Department of Corrections the inmate's total earnings less deductions for federal, state, and local taxes, and any other payroll deductions required by law.**
 - b. From the inmate's gross payroll earnings, the following amounts shall be deducted:
 - (1) Twenty percent, to be deposited in the inmate's general account.
 - (2) All required tax deductions, to be collected by the inmate's employer.
 - (3) Five percent, to be deducted for the victim compensation fund created in section 915.94.
 - c. From the balance remaining after deduction of the amounts under paragraph "b", the following amounts shall be deducted in the following order of priority:
 - (1) An amount which the inmate may be legally obligated to pay for the support of the inmate's dependents, which shall be paid through the Department of Human Services Collection Services Center, and which shall include an amount for delinquent child support not to exceed fifty percent of net earnings.
 - (2) Restitution as ordered by the court under chapter 910.
 - (3) Any balance remaining after the deductions made under subparagraphs (1) and (2) shall represent the costs of the inmate's incarceration and shall be deposited, effective July 1, 2000, in the General Fund of the state.
 - d. Of the amount credited to the inmate's general account, the department shall deduct an amount representing any other legal or administrative financial obligations of the inmate.

The inmate's employer shall provide each employed inmate with the withholding statement required under section 422.16, and any other employment information necessary for the receipt of the remainder of an inmate's payroll earnings.



IPI Prison Farms

**IPI... Farming
For The Future**

- IPI operates under a farm/business model.
- IPI row crops and livestock are sold on the open market.
- IPI receives **NO** funding from the legislature.
- IPI receives **NO** federal funding support except LDP's on our crops.
- IPI will begin paying property taxes in 2006 on leased ground.
- IPI pays union scale wages to staff.
- IPI has maintained a sustainable income continuously since 1996.

**IPI Farms operate
on a calendar year.**

**IPI Farms provided 277,681 hours
of inmate contact last year.**

Quick Facts:

Legislative mandate: Explore and report feasibility of organic farms.

- IPI opened our first purely Organic Farm located at Fort Madison. IPI has 34 acres in the program and will add 10 more acres in 2005. The first year in the program, a non-GMO bean was planted.
- Organic Farms are labor intensive and more costly to operate than traditional farms. Organic Farms require certification and crop sales are highly dependent upon maintaining chemical free from any foreign contamination.
- This venture is not anticipated to be a profit-generating farm until at least 2007, when we will be eligible to sell our first organic crop.
- Organic Farm #3 could add as many as 25 new jobs, generating several thousand work hours per year.
- IPI wants to work closely with ISU and the knowledge they have in regards to organics. We may want to try some test plots for a variety of vegetables/crops so that research can be gathered to help individuals interested in organic farms.

No funding will be required from the legislature.

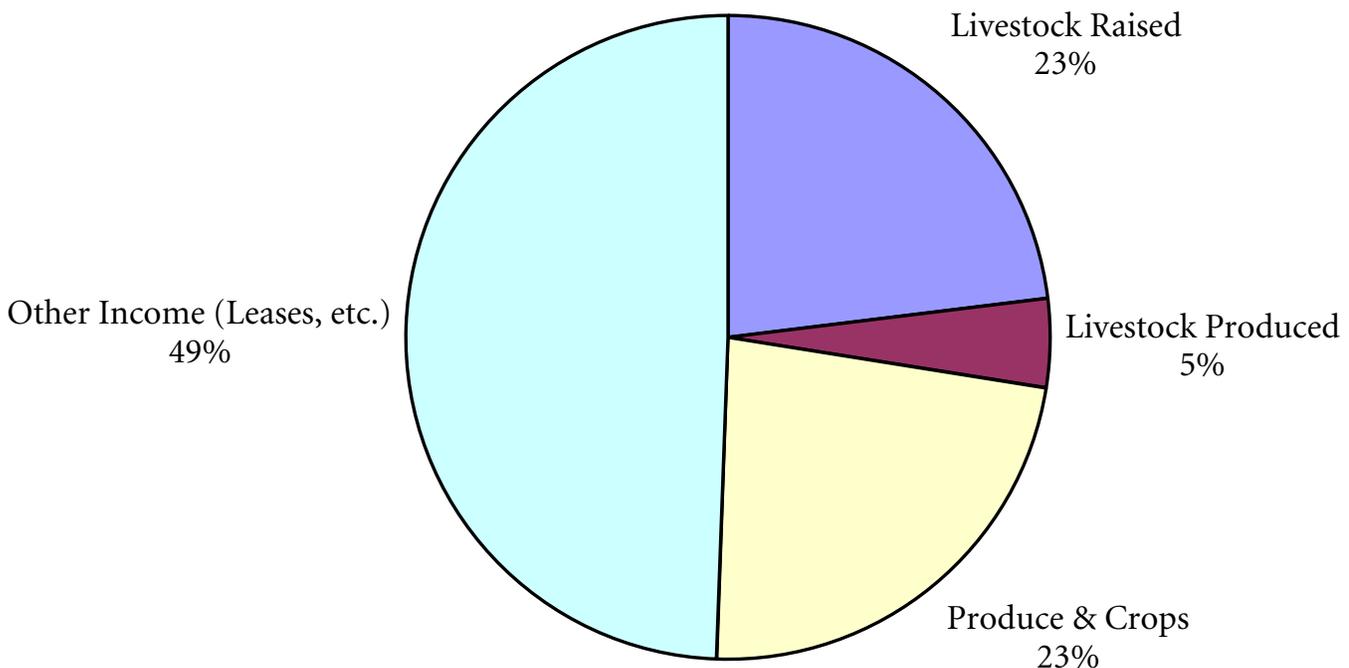
Financial Data



	1997	1998	1999	2000	2001	2002	2003	2004
Farm Sales								
Sale of Livestock Raised	\$326,747	\$231,029	\$120,799	\$127,556	\$106,135	\$76,797	\$176,662	\$181,747
Sale of Livestock Produced	\$39,882	\$22,612	\$200,596	\$195,575	\$209,629	\$273,268	\$211,877	\$35,513
Sale of Produce & Crops	\$255,991	\$190,524	\$127,191	\$96,305	\$155,669	\$157,797	\$138,973	\$180,427
Other Income (Leases, etc.)	\$249,417	\$257,240	\$323,458	\$370,470	\$392,95	\$366,029	\$412,311	\$388,406
Total All Farms	\$872,037	\$701,405	\$772,405	\$789,906	\$864,385	\$873,891	\$939,823	\$806,300
Profit/Loss	\$(3,337)	\$(103,160)	\$162,624	\$211,400	\$134,750	\$161,075	\$(4,337)	\$123,643

**277,681 Inmate
Work Hours In 2004!**

**Organic Crops:
Fort Madison!**



Thanks to sound legislation, Iowa Prison Farms should be successful for years to come without financial assistance.



Profit / Loss Trends

1999 - 2005

	1999	2000	2001	2002	2003	2004	September 30, 2005
Income							
Other Income							
Gain on Sale of Breeding Stock	0.00	4,135.64	3,070.83	3,602.04	1,900.90	754.09	6,216.93
Gain on Sale of Buildings	0.00	0.00	0.00	20,000.00	0.00	0.00	0.00
Gain on Sale of Machinery & Eq.	7,068.00	21,182.84	13,722.50	3,078.37	6,867.00	4,289.15	2,847.30
Total Other Income	7,068.00	25,318.48	16,793.33	26,680.41	8,767.90	5,043.24	9,064.23
Revenue							
Interdepartmental Revenues	0.00	10,307.00	3,027.40	19,387.75	20,607.78	17,159.94	15,380.71
Other Farm Income	323,458.00	370,470.39	392,951.74	366,029.36	412,310.99	388,408.85	254,973.45
Sale of Livestock Purchased	200,596.00	195,574.78	209,628.51	273,267.55	211,877.49	33,513.22	21,980.91
Sale of Livestock Raised	120,799.00	127,556.04	106,134.88	76,796.78	176,662.08	181,747.98	211,979.82
Sale of Produce & Crops Raised	127,191.00	96,304.68	155,669.44	157,797.01	138,973.01	180,426.91	180,412.82
Total Revenue	772,044.00	800,212.89	867,411.97	893,278.45	960,431.35	801,256.90	684,727.71
Total Income	779,112.00	825,531.37	884,205.30	919,958.86	969,199.25	806,300.14	693,791.94
Expense							
Admin. Travel Expense	1,083.00	397.50	278.35	227.48	36.06	272.00	22.00
Administrative Depreciation	247.00	71.60	212.92	158.52	343.26	527.92	396.00
Administrative Salaries	35,061.00	39,726.70	40,237.90	39,105.53	49,750.95	60,441.98	46,883.38
Advertising	339.00	1,020.49	487.91	192.16	151.87	0.00	0.00
Auto/Truck Expense	10,556.00	8,052.33	8,736.22	9,369.96	8,911.79	7,866.26	9,613.81
Breeding Fees	0.00	0.00	0.00	951.75	1,136.00	945.00	893.00
Conservation & Land Clearing	249.00	150.00	21,024.45	6,409.70	6,957.01	15,051.50	1,856.00
Cost of Sales							
Chemicals, Seeds & Other - Inv.	-36.00	36.00	-50.73	-387.87	117.35	-164.55	-619.70
Civilian Salaries	152,981.00	139,758.57	198,613.68	215,864.71	231,838.81	240,691.08	185,479.04
Crops In Process - Inventory	0.00	0.00	0.00	0.00	0.00	0.00	-35,024.04
Feed Purchased	19,402.00	17,501.13	21,450.85	18,492.98	33,421.62	22,396.20	30,496.94
Fertilizers, Lime & Chemicals	25,341.00	52,634.73	44,130.13	46,430.41	54,633.57	53,345.04	59,624.01
Grains/Feeds Inventory	29,880.00	-53,924.52	14,123.87	-33,230.88	-26,587.25	-29,902.00	101,361.10
Labor Hired (Inmate)	5,610.00	3,435.83	5,197.65	8,841.48	9,428.81	10,208.54	5,845.96
Livestock - Inventory	10,094.00	-12,749.47	1,253.04	-74,967.12	-35,490.30	-13,101.88	5,874.06
Livestock Purchased	147,426.00	184,614.99	160,571.14	270,115.31	213,799.34	33,815.94	14,987.11
Organic Labor Hired (Inmate)	0.00	0.00	0.00	0.00	0.00	1,300.88	0.00
Organic Seeds & Plants Purchased	0.00	0.00	0.00	0.00	0.00	1,505.88	2,754.00
Seeds & Plants Purchased	13,338.00	15,634.55	19,039.62	16,739.71	18,841.21	17,744.21	27,064.30
Total Cost of Sales	404,036.00	346,941.81	464,329.25	467,898.73	500,003.16	337,839.34	397,842.78
DAS Utility Billing	0.00	0.00	0.00	0.00	0.00	0.00	1,379.30
Depreciation Expense	57,203.00	63,464.62	83,180.01	113,804.31	126,580.92	120,093.83	96,787.27
Freight & Trucking	7,720.00	8,614.32	8,945.29	10,458.50	8,731.17	4,848.50	2,900.77
Gas, Fuel, & Oil	6,289.00	11,170.56	12,306.91	11,730.30	15,085.45	16,679.19	20,533.05
Interest	1,856.00	1,516.99	1,154.31	9,363.70	0.00	0.00	0.00
Machine Hire	6,431.00	18,509.31	20,414.83	16,545.57	21,278.45	31,539.28	15,932.95
Machine Lease & Rental	43,801.00	37,253.87	38,310.50	9,722.88	13,101.66	3,011.16	1,871.36
Miscellaneous Expense	6,608.00	9,568.96	10,303.17	14,749.72	10,063.76	13,524.57	11,692.00
Office Supplies/Postage Expense	591.00	826.35	556.69	309.79	944.75	1,369.36	1,020.72
Other Expense							
Bad Debt Expense	0.00	33,064.04	0.00	0.00	0.00	0.00	0.00
Loss on Sale of Buildings	0.00	4,102.88	0.00	0.00	0.00	0.00	0.00
Loss on Sale of Breeding Stock	317.00	0.00	0.00	1,114.34	292.88	1,844.93	1,023.41
Loss on Sale of Machinery & Eq.	533.00	496.01	240.36	292.42	1,685.06	0.00	438.44
Total Other Expense	850.00	37,662.93	240.36	1,406.76	1,977.94	1,844.93	1,461.85
Other Selling Expenses	2,349.00	2,216.56	2,203.09	4,899.81	3,906.87	5,374.64	4,893.61
Repair to Buildings	1,981.00	53.98	1,015.01	1,147.51	1,361.47	5,963.36	623.43
Repair to Machinery	9,004.00	7,645.00	6,875.72	9,828.83	9,146.23	15,367.00	10,847.44
Storage/Warehousing	1,415.00	1,959.88	0.00	0.00	170.03	2,841.19	834.92
Supplies Purchased	6,394.00	6,827.56	15,093.18	14,899.44	16,196.13	20,868.96	7,096.19
Telephone Expense	1,632.00	2,228.10	2,246.25	2,407.58	2,618.26	3,890.25	1,384.21
Travel Expense	0.00	0.00	71.20	161.12	238.27	301.92	127.10
Unusual Expense	0.00	0.00	0.00	0.00	160,000.00	0.00	0.00
Utilities	1,869.00	1,003.65	4,321.14	2,086.15	4,941.71	3,295.74	2,467.24
Veterinary Fees & Medicine	8,924.00	7,248.40	6,910.69	11,048.14	9,903.03	8,899.15	6,772.28
Total Expense	616,488.00	614,131.47	749,455.35	758,883.94	973,536.20	682,657.03	646,132.66
Net Income	162,624.00	211,399.90	134,749.95	161,074.92	-4,336.95	123,643.11	47,659.28

Iowa Crop Prices



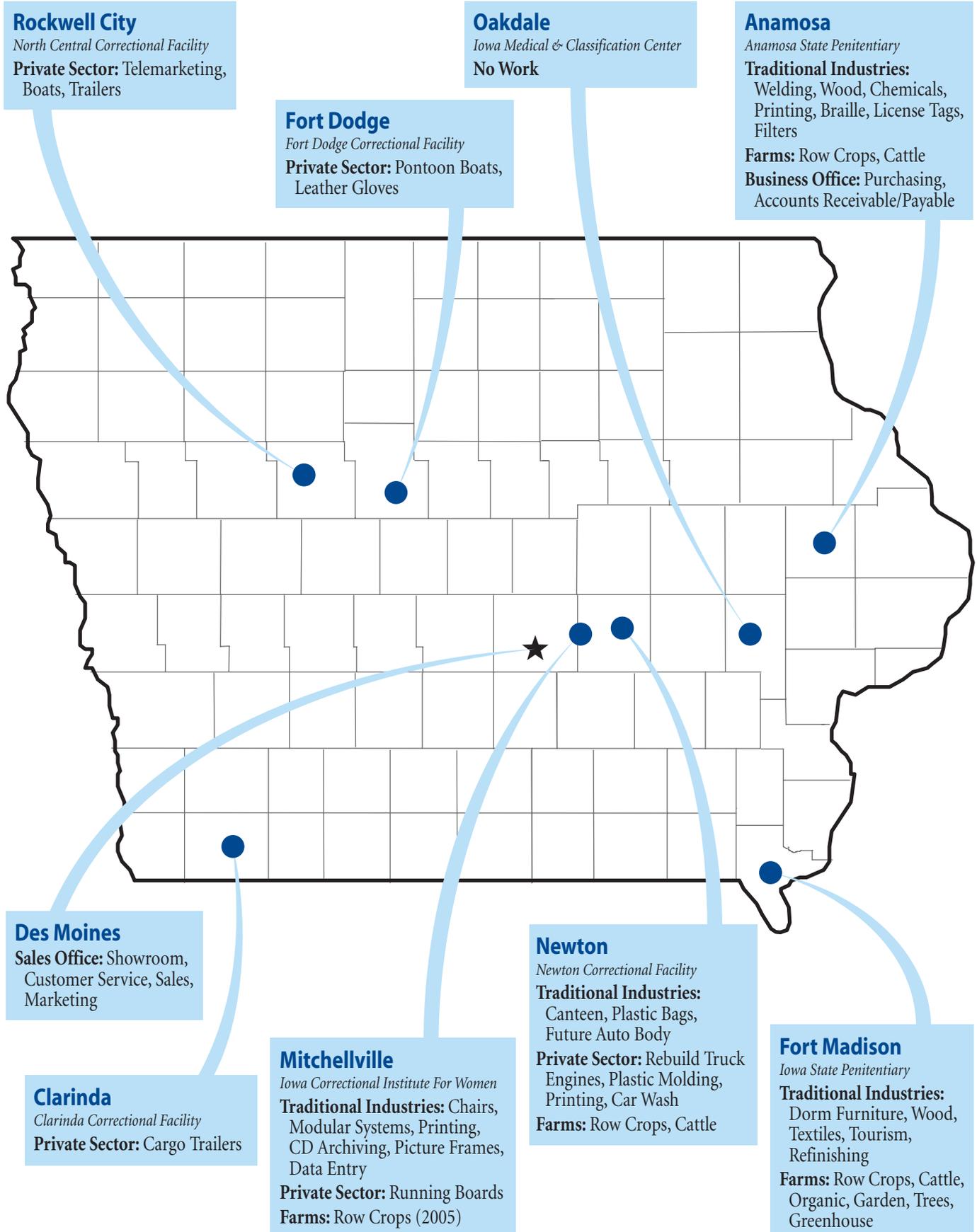
Year	-----Dollars Per Bushel-----				-----Dollars Per Ton-----		
	Corn	Oats	Soybeans	Wheat	All Hay	Alfalfa	Other Hay
1983	3.12	1.80	7.78	3.40	\$72.00	*	*
1984	2.51	1.78	5.67	3.26	\$61.50	*	*
1985	2.02	1.27	4.99	2.95	\$46.50	*	*
1986	1.41	1.17	4.73	2.30	\$40.50	*	*
1987	1.89	1.68	5.97	2.75	\$43.00	*	*
1988	2.45	2.85	7.33	3.82	\$75.00	*	*
1989	2.29	1.51	5.62	3.80	\$80.50	\$84.00	\$63.00
1990	2.21	1.14	5.63	2.74	\$63.50	\$66.00	\$49.50
1991	2.30	1.23	5.51	2.40	\$62.00	\$63.50	\$47.00
1992	2.00	1.38	5.54	3.05	\$78.00	\$81.00	\$57.00
1993	2.44	1.45	6.34	2.00	\$90.50	\$94.50	\$65.50
1994	2.22	1.30	5.43	3.15	\$79.00	\$82.00	\$56.50
1995	3.20	1.76	6.65	4.05	\$81.00	\$84.50	\$58.50
1996	2.60	2.16	7.36	4.10	\$106.00	\$108.00	\$72.50
1997	2.33	1.63	6.33	3.16	\$109.00	\$112.00	\$74.00
1998	1.86	1.24	4.79	2.73	\$83.50	\$85.00	\$60.50
1999	1.72	1.12	4.53	2.38	\$74.50	\$75.50	\$55.00
2000	1.75	1.19	4.49	2.15	\$82.00	\$83.50	\$59.00
2001	1.90	1.54	4.35	2.50	\$89.50	\$91.00	\$63.00
2002	2.22	1.78	5.54	2.85	\$82.00	\$85.00	\$58.50
2003	2.40	1.50	7.30	2.85	\$74.00	\$75.00	\$57.50

- Corn prices decreased 72¢ per bushel between 1983 and 2003.
- DOC Farms, for the first time, may be eligible under the new farm bill, thanks to the Department of Management and the Governor’s Office.

*Prices from Iowa Ag Statistics



Iowa Prison Industries Locations



MISSION STATEMENT



To employ staff and inmates
who are dedicated to providing:

Exceptional Service

Reasonable Prices

Quality Products

It is this commitment to excellence that will allow our business to remain self-funding, achieve growth, provide more jobs for inmates and staff and assume a national leadership role in correctional industries.

Vision

By ensuring our mission is achieved, we will have assisted the Department of Corrections in protecting the public, staff, and inmate safety through vital work programs that will ensure the offenders' chances of a successful return to society as tax-paying citizens upon their release.



Iowa Prison Industries

A Division of The Department of Corrections
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Des Moines, IA 50309
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Printed By Female Offenders At
The Iowa Correctional Institute For
Women At A Cost Of \$5.57 Each.