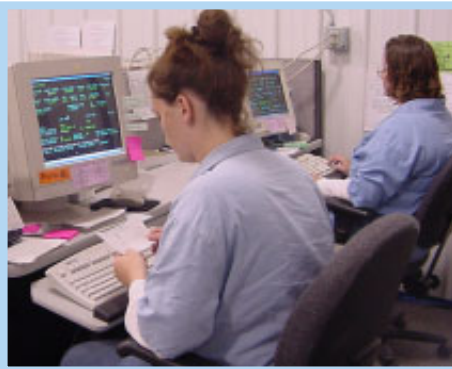


2005-2006 Annual Report



IOWA STATE UNIVERSITY

THE UNIVERSITY OF IOWA



JOHNSTON COMMUNITY SCHOOL DISTRICT

A Program That Works For The Citizens Of Iowa



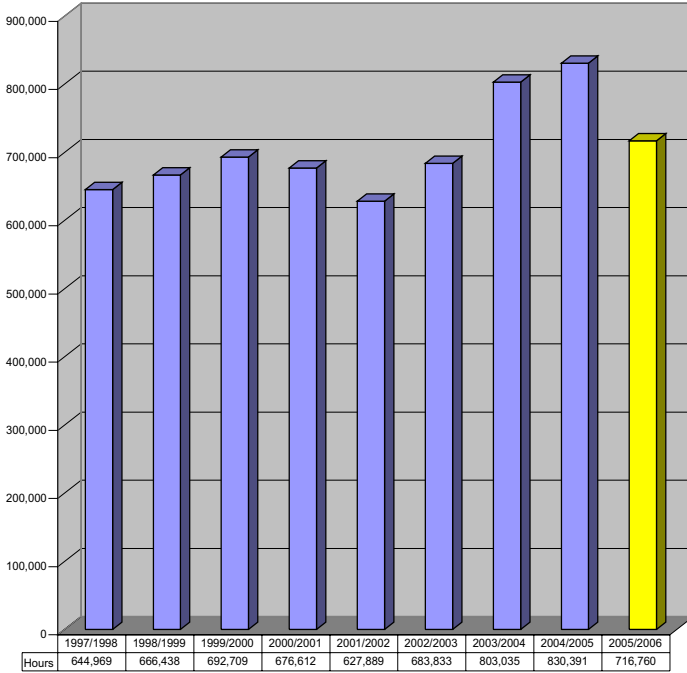
Iowa Prison Industries

A Division of The Department of Corrections
510 E 12th Street
Des Moines, IA 50319
800-670-4537 • www.iaprisonind.com

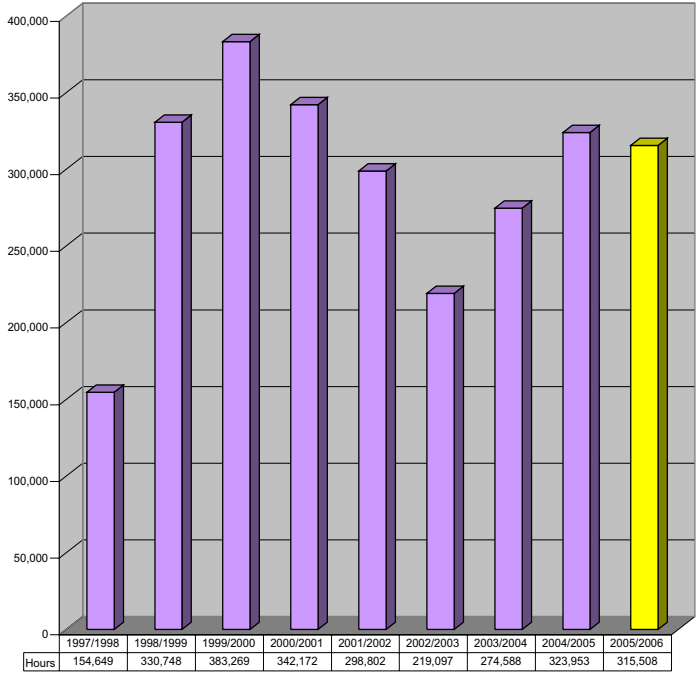
"Your State Owned Store"

Inmate Work History

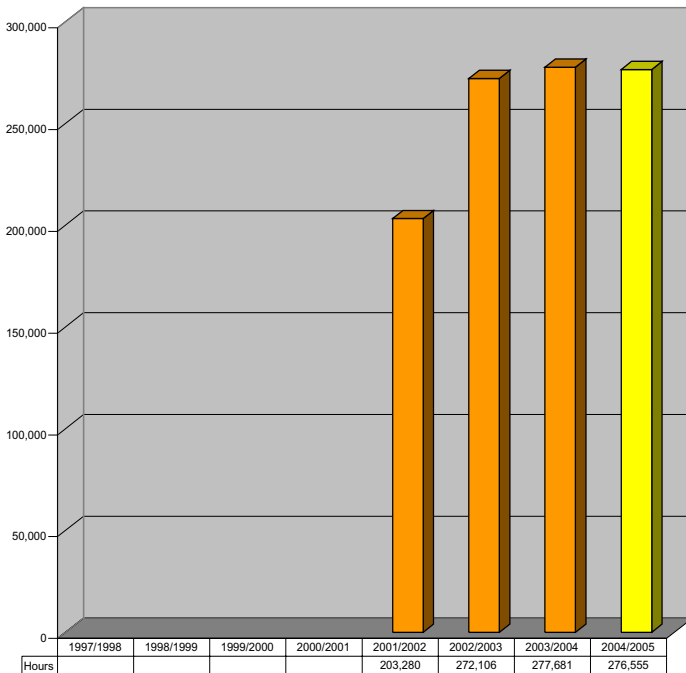
Traditional Industries Hours



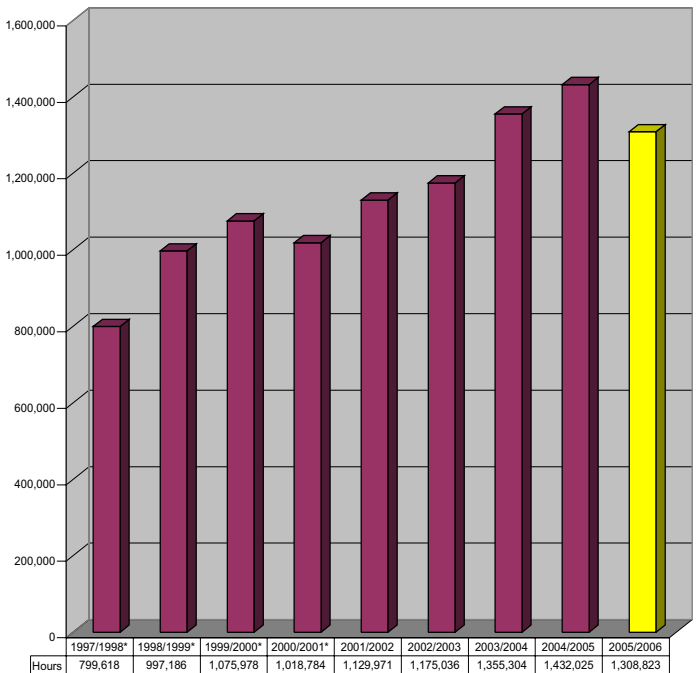
Private Sector Hours



Farms Hours*



Total IPI Inmate Hours



*Includes all farm work, DNR & community service.

2006 at a Glance

Civilians Employed: 87

Inmate Jobs:

Traditional Industries 351

Private Sector 760

Farms 92

Total 1,203

Sales Revenue:

Traditional Industries \$19,095,222

Private Sector \$2,486,400*

Farms \$856,059

Total \$22,437,681

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.

Table Of Contents:

Inmate Work History Inside Front

Introduction 2

IPI Overview 3

Organizational Chart 4

IPI Advisory Board 5

What Is Iowa Prison Industries? 6

Benefits of Inmate Work 7

IPI Traditional Industries 9-21

 10-Year Sales/Profit Trends 10

 Financial Statement Summary ... 11

 Top 50 Customers 12

 Sales by Customer Category 13

 State Agency Sales By Division ... 14

 Sales Analysis by Month 15

 Historical Statistics 16

 Customer Testimonials 17-18

 Customer Satisfaction Cards 19

 Code Sections 20-21

IPI Private Sector 23-26

 Statistics/Deductions 24

 Code Section 25-26

IPI Farms 28-32

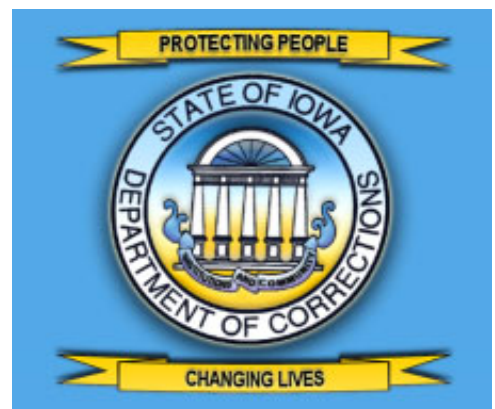
 Financial Data 29

 Profit/Loss Trends 30

 2006 Notes 31

 Iowa Crop Prices 32

IPI Plant Locations Inside Back



*Pass through to the General Fund

Introduction



The overriding difference between Iowa Prison Industries / IPI Farms and other state agencies is that Industries must remain free from appropriations. IPI is 100% self-funding and operates off the profits retained from year to year. IPI funds are deposited into a revolving fund that is held by the State Treasurer. IPI is subject to all government restrictions like any other agency. However, IPI does enjoy the benefits of an in-house purchasing department and accounting office. The State Auditor's Office audits IPI's books. This process serves the state well, but it fails to satisfy financial accounting to the extent that good business practices are always used. The only exception is Private Sector; IPI is responsible for managing the program at a substantial cost, yet all revenue is passed to the General Fund.



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 1,200 jobs throughout Iowa during FY2006. 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 98% "Excellent" or "Good" rating on Service, Quality and Pricing (see page 19 for full results) with 98.1% of customers saying they would recommend IPI to others.



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



Organizational Chart





IPI Advisory Board

Who They Are:

Name	Professional Organization	Year Of Rotation	Term On Board
Mildred Slater	AFL/CIO-Labor Representative	2009	3rd
Michael Peters	Voc-Tech Education Representative	2008	2nd
Pat DeLuhery Director, DGS	Governor's Representative	2007	2nd
Dr. A. Douglas Hillman	Financial Representative	2008	2nd
Curtis Jenkins, Chair	Parole Board Representative	2008	4th
Jack High	Manufacturing Representative	2007	1st
Dr. Kathleen Delate	Agriculture Representative	2009	2nd

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.

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 87 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 1.3 million hours of tax-free inmate training in FY2006.
- Iowa Prison Industries provided over 1,200 inmate jobs and trained over 1,500 inmates in work programs in FY2006.
- Iowa Prison Industries is the single most important tool available that will impact recidivism. IPI provides hope.

Iowa Prison Industries purchased over \$16.3 million in raw materials, supplies & services locally in 2006.

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 98% of Iowa Prison Industries' customers rated IPI an EXCELLENT or GOOD supplier in FY2006 and 98.1% 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!
98% of our customers rated us
EXCELLENT or GOOD in FY2006!**

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!



Rockwell City Dorm Factory



Lutheran Services Kitchen Cabinets, Ames



Summit Middle School, Johnston



IPI Traditional Industries

Traditional Industries employs 5% of the DOC Offenders, resulting in over \$2.8 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 20 separate training centers for inmate offenders.

IPI Traditional Industries provided 716,760 hours of inmate contact in 2006. (-13.7%)

Plant Locations:	Year Industry Opened	2006 Inmates Employed (Average)
1) Anamosa	1935	158
2) Fort Madison	1935	79
3) Mitchellville	1999	42
4) Newton	2003	42
5) Rockwell City	2006	30
		351 Total

Quick Facts:

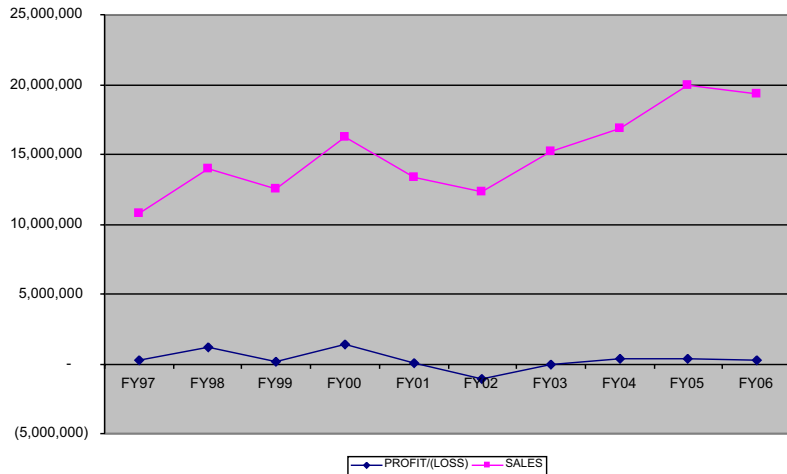
- Traditional Industries growth opportunities are limited by our imagination and our ability to continue to provide high quality products when our customers want them.
- Traditional Industries is likely to experience greater growth over the next 10 years in service-oriented ventures.
- IPI employs 81 full-time staff and operates with a 17% 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 \$16.3 million in local raw materials, supplies and services in FY2006.

10-Year Trends



Sales & Profit Trends, FY1996 - FY2005

	PROFIT	SALES
FY06	279,018	19,095,222
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



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 2006, IPI rebated \$691,631 to the Department of Corrections for Canteen.
- In 2005, IPI took over the Federal Surplus operations from DAS. Federal Surplus consolidated with State Surplus, which IPI has operated since 1997.
- In 2006, IPI consolidated all Des Moines operations into the IPI Complex at 2323 Dean Avenue, which houses the IPI Showroom, State Surplus and Federal Surplus.



Stout Public Library, Dubuque



West High School, Waterloo

Financial Statement Summary

FY 2006

IPI Supports The Local Economy: IPI Purchased Over \$16.3 Million in Local Raw Materials, Supplies & Services In FY2006

	SALES		CHANGE	
	FY2005-2006	FY 2004-2005	\$	%
ANAMOSA				
License Plates	\$1,187,205	\$1,014,697	\$172,508	17.0%
Sign	2,499,619	2,329,240	170,379	7.3%
Graphic Arts	791,147	768,090	23,058	3.0%
Housekeeping/Laundry	1,298,579	1,371,989	(73,409)	(5.4)%
Metal Furniture	2,294,714	2,272,093	22,621	1.0%
Custom Wood	663,475	630,969	32,507	5.2%
Braille	216,226	146,454	69,772	47.6%
ANAMOSA TOTAL	8,950,967	8,533,531	417,436	4.9%
FT MADISON				
Furniture	1,784,452	3,148,646	(1,364,194)	(43.3)%
Textile	585,525	710,082	(124,558)	(17.5)%
Tourism/Call Center	144,153	160,529	(16,376)	(10.2)%
Drycleaning	4,745	15,942	(11,197)	(70.2)%
FT MADISON TOTAL	2,518,875	4,035,199	(1,516,324)	(37.6)%
MITCHELLVILLE				
Panels & Seating	1,372,493	1,576,607	(204,114)	(12.9)%
Printing	405,612	325,270	80,342	24.7%
CD Rom	208,701	133,129	75,572	56.8%
State Surplus	198,351	120,118	78,233	65.1%
Federal Surplus Property	21,757	990	20,767	2,098.5%
Moving & Installation	289,958	305,833	(15,875)	(5.2)%
MITCHELLVILLE TOTAL	2,496,872	2,461,946	34,925	1.4%
PLASTICS	539,460	179,188	360,272	201.1%
CANTEEN	4,589,048	4,372,275	216,774	5.0%
TOTAL	19,095,222	19,582,139	(486,918)	-2.5%

**FY 2006 Unaudited*

Top 50 Customers



FY 1999 - 2000		DOLLARS	FY 2005 - 2006		DOLLARS
1	IOWA STATE UNIVERSITY	\$ 1,650,764	UNIVERSITY OF IOWA	\$ 839,293	
2	VARIOUS SURPLUS DEPT.	\$ 169,758	DES MOINES IND CMMTY SCHOOL	\$ 596,140	
3	UNIVERSITY OF IOWA	\$ 103,448	IOWA STATE UNIVERSITY	\$ 489,105	
4	LINN CO. ENGINEER	\$ 69,989	IOWA CITY CMMTY SCHOOL	\$ 489,037	
5	DAVENPORT SCHOOL ADMIN.	\$ 49,765	MINNCOR INDUSTRIES	\$ 176,356	
6	GRINNELL COLLEGE	\$ 48,912	ST JOHNS CATHOLIC CHURCH	\$ 170,678	
7	COURT ADMIN. / WATERLOO	\$ 46,043	IOWA WESTERN CMMTY COLLEGE	\$ 159,339	
8	MT. PLEASANT COMM. SCHOOL	\$ 44,134	VARIOUS SURPLUS CUSTOM	\$ 149,814	
9	DES MOINES IND COMM. SCHOOL	\$ 43,029	WATERLOO CMMTY SCHOOL	\$ 144,079	
10	DOT - DES MOINES	\$ 1,189,582	NORTH CAROLINA DEPT OF	\$ 113,765	
11	DOT - AMES	\$ 919,749	IOWA WESLEYAN COLLEGE	\$ 91,757	
12	HUMAN SERVICES DEPT.	\$ 745,970	DAVENPORT SCHL ADMIN SERV CENT	\$ 87,941	
13	ECONOMIC DEV. DEPT	\$ 718,084	MORNINGSIDE COLLEGE	\$ 84,911	
14	FT. DODGE CORR. FACILITY	\$ 467,205	DUBUQUE CMMTY SCHOOL	\$ 81,071	
15	ICIW - MITCHELLVILLE	\$ 318,631	AMES CMMTY SCHOOL	\$ 72,789	
16	NEWTON CORR. FACILITY	\$ 299,802	STONE CITY IRON & METAL	\$ 69,119	
17	MT. PLEASANT CORR. FACILITY	\$ 284,891	KOSSUTH CO ENG	\$ 68,123	
18	ANAMOSA STATE PENITENTIARY	\$ 273,962	SIoux CITY CITY OF	\$ 65,313	
19	IOWA STATE PENITENTIARY	\$ 263,457	CLAYTON CO ENG	\$ 61,152	
20	GLENWOOD STATE HOSPITAL	\$ 199,935	JOHNSTON CMMTY SCHOOL	\$ 57,706	
21	CLARINDA CORR. FACILITY	\$ 179,488	ANAMOSA CMMTY SCHOOL	\$ 54,154	
22	DHS REGION 5	\$ 160,578	SOUTHEASTERN CMMTY COLLEGE	\$ 51,501	
23	NATURAL RESOURCES/DM	\$ 149,503	DOT DES MOINES VEHICLE REG	\$ 1,072,988	
24	EDUCATION DEPT	\$ 139,946	DOT AMES	\$ 347,663	
25	CENTRALIZED PRINTING	\$ 135,037	MT PLEASANT CORR FAC	\$ 345,188	
26	STATE VEHICLE DISPATCH	\$ 134,430	GLENWOOD RESOURCE CTR #91	\$ 337,710	
27	HUMAN RIGHTS DEPT.	\$ 129,933	IOWA STATE PENITENTIARY	\$ 236,228	
28	DHS REGION 3	\$ 124,586	NATURAL RESOURCE DES MOINES	\$ 209,810	
29	BOARD OF MEDICAL EXAMINERS	\$ 117,616	FORT DODGE CORR FACILITY	\$ 203,505	
30	IMCC - OAKDALE	\$ 111,280	IOWA WORKFORCE DEV	\$ 193,993	
31	CORRECTIONS DEPT.	\$ 101,571	ECONOMIC DEVELOPMENT DEPT OF	\$ 191,786	
32	GENERAL SERVICES DEPT.	\$ 100,847	IOWA VETERANS HOME	\$ 179,181	
33	HUMAN SERVICES DEPT.	\$ 89,756	NEWTON CORRECTIONAL FAC	\$ 169,156	
34	REVENUE DEPT	\$ 89,223	DHS FISCAL MGMT	\$ 169,141	
35	IOWA VETERANS HOME	\$ 88,027	CLARINDA CORRECTIONAL FACILITY	\$ 161,876	
36	DHS REGION 1	\$ 86,427	CORRECTIONS DEPT OF	\$ 158,185	
37	DHS REGION 2	\$ 85,463	ANAMOSA ST PENITENTIARY	\$ 133,595	
38	IOWA WORKFORCE DEV.	\$ 80,941	IOWA CRRCTNL INST WOMEN	\$ 112,503	
39	NORTH CENTRAL CORR. FACILITY	\$ 73,966	ADMINISTRATIVE SERV DEPT OF	\$ 97,690	
40	CIVIL RIGHTS COMM.	\$ 72,182	BLIND DEPT FOR THE	\$ 91,249	
41	PHARMACY EXAMINER BRD	\$ 70,573	DHS SERVICE AREA 6	\$ 80,354	
42	DHS REGION 4	\$ 68,533	CENTRALIZED PRINTING	\$ 78,381	
43	THIRD JUDICIAL DISTRICT	\$ 62,020	PUBLIC HEALTH PLAN & ADM	\$ 78,014	
44	CLARINDA YOUTH CORP.	\$ 61,360	WOODWARD RESOURCE CENTER	\$ 74,512	
45	WOODWARD RESOURCE CENTER	\$ 61,029	MHI CHEROKEE	\$ 65,809	
46	DENTAL EXAMINER BRD	\$ 58,882	IOWA MEDICAL CLASS CENTER	\$ 60,209	
47	VOCATIONAL REHABILITATION	\$ 55,583	COLLEGE AID COMM	\$ 59,650	
48	HEALTH DEPT.	\$ 53,368	DHS SERVICE AREA 7	\$ 58,474	
49	PERSONNEL DEPT	\$ 43,319	DHS SERVICE AREA 8	\$ 58,241	
50	MHI / MT PLEASANT	\$ 42,674	STATE TRAIN SCHOOL FOR BOYS	\$ 54,654	
	TOTAL	\$ 10,735,251	TOTAL	\$ 9,252,888	

- In FY1999-2000, 9 of IPI's top 50 customers were volunteer purchasers.
- In FY 2005-2006, 22 of IPI's top 50 customers were volunteer purchasers.

This confirms IPI's quality, service and price reputation is reaching new customers.

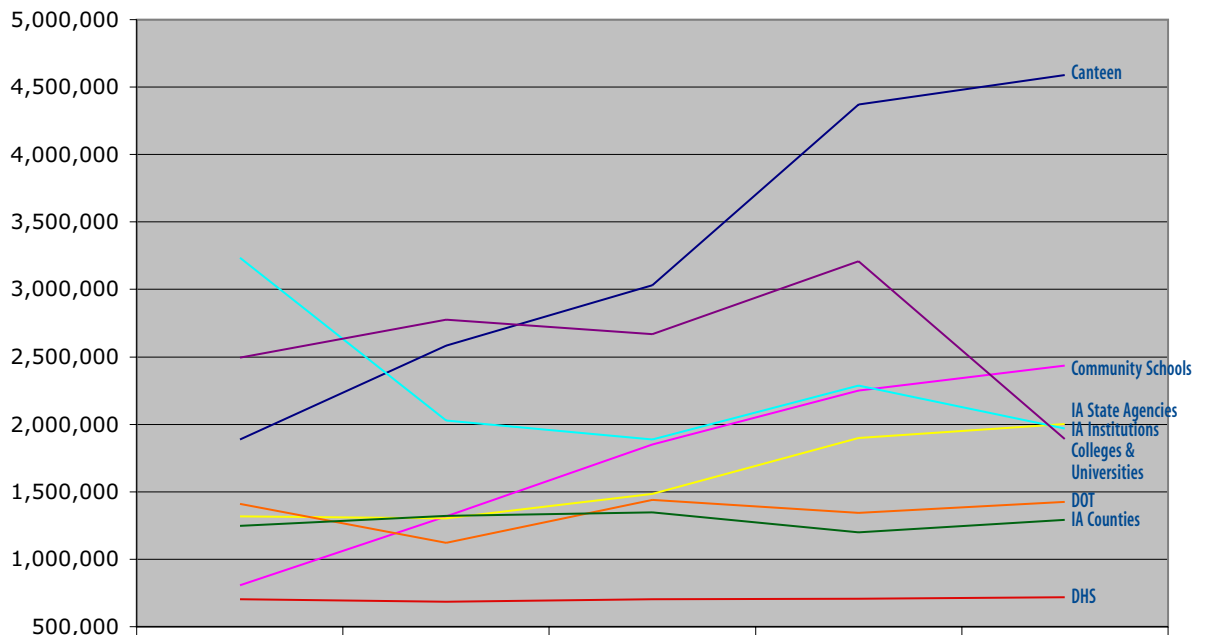


Sales By Customer Category

July 1, 2005 - June 30, 2006

CUSTOMER CATEGORY	TOTAL DOLLARS	CUSTOMER CATEGORY	TOTAL DOLLARS
Iowa Institutions	1,968,861	Colleges & Universities	1,890,178
Iowa Institutions - Canteen	4,587,919	Community Schools	2,436,059
Iowa State Agencies	2,000,637	Private Schools	76,237
Dept. of Human Services	718,968	Hospitals	45,675
Dept. of Transportation	1,425,734	Health Care Facilities	22,401
Non-Iowa State Agencies	508,463	Churches	191,995
Iowa Counties	1,293,467	Child Care Facilities	35,354
Counties Miscellaneous	121,642	IPI Employees	23,745
Minnesota Counties	29,169	State/County/City Employees	209,139
Iowa City Clerks	715,321	Miscellaneous	302,657
Cities Miscellaneous	29,094	Intercompany (IPI sales)	443,286
Minnesota City Clerks	19,033	TOTAL	19,095,222
Minnesota Miscellaneous	188		

5-Year Trend Of Top Customer Categories



	FY01-02	FY02-03	FY03-04	FY04-05	FY05-06
Iowa Institutions-Canteen	1,889,012	2,584,498	3,030,798	4,371,481	4,587,919
Community Schools	807,189	1,316,944	1,851,341	2,250,915	2,436,059
Iowa State Agencies	1,316,498	1,303,804	1,483,680	1,898,192	2,000,637
Iowa Institutions	3,234,353	2,030,066	1,889,251	2,285,958	1,968,861
Colleges & Universities	2,496,133	2,774,977	2,669,597	3,210,531	1,890,178
Dept. of Transportation	1,409,467	1,122,024	1,439,140	1,344,481	1,425,734
Iowa Counties	1,247,796	1,322,856	1,345,886	1,200,412	1,293,467
Dept. of Human Services	702,787	686,414	701,839	708,918	718,968

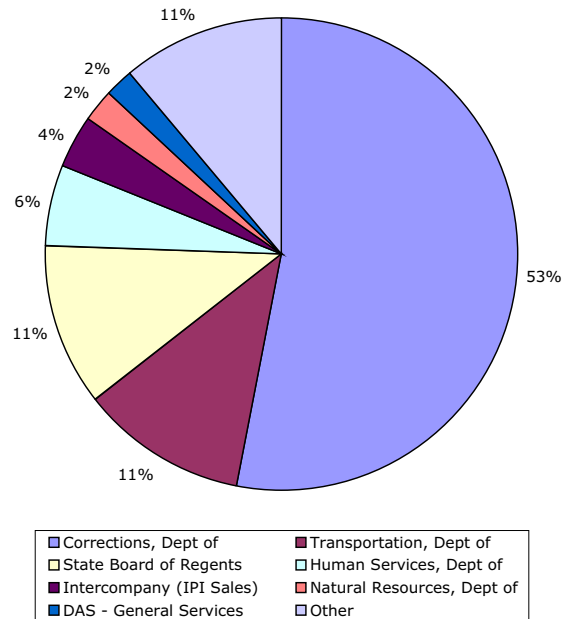
*FY 2006 Unaudited

State Agency Sales By Division

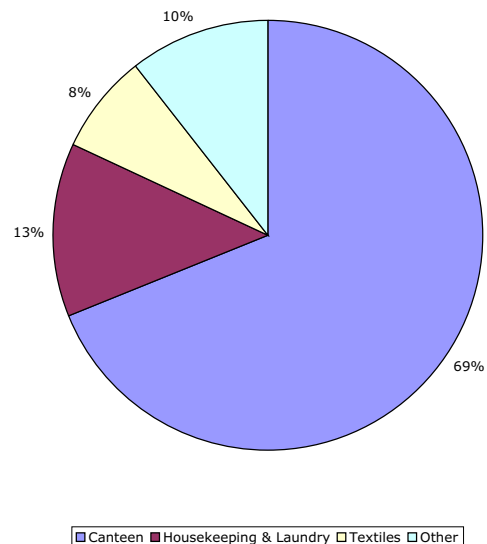
FY 2006

State Agency	FY05-06	FY04-05
Agr& Land Stdship, Dept of	762	2,450
Blind, Dept of	88,451	79,259
Civil Rights Commission	652	254
College Aid Commission	59,651	59,063
Commerce, Dept of	11,952	26,827
Corrections, Dept of	6,652,914	6,558,885
Cultural Affairs, Dept of	18,056	12,976
DAS - Dept of Management	1,225	2,593
DAS - Finance	4,943	7,436
DAS - General Services	241,455	89,097
DAS - HRE (Personnel)	9,201	21,105
DAS - Information Technology Serv	0	1,050
Economic Development, Dept of	191,786	184,355
Education, Dept of	68,480	57,372
Elder Affairs, Dept of	8,031	6,890
Employment Services, Dept of	222,548	120,338
Executive Branch	14,812	12,907
Executive Council	969	0
Gov Office of Drug Control	228	103
Human Rights, Dept of	6,681	4,462
Human Services, Dept of	720,485	767,859
IA Communication Network	4,910	4,881
IA Ethics and Campaign Disclosure	60	0
IA Lottery	1,981	1,326
Inspection & Appeals, Dept of	44,178	40,874
Iowa State Fair	1,938	1,664
Judicial Branch	69,165	26,364
Justice, Dept of	8,843	11,888
Law Enforcement Academy	6,863	4,242
Legislative Branch	3,548	6,752
Mental Health Institutions	95,129	76,718
Miscellaneous Boards	0	0
Natural Resources, Dept of	275,869	677,046
Public Defense, Dept of	38,924	36,073
Public Employee Relations Board	715	8,119
Public Health, Dept of	109,518	119,755
Public Safety, Dept of	53,011	32,653
Revenue, Dept of	33,376	52,799
Secretary of State	24,160	5,558
State Auditor	189	884
State Board of Regents	1,367,507	2,657,039
State Employees Credit Union	0	0
State Treasurer	1,606	864
Transportation, Dept of	1,425,733	1,344,481
Veterans Affairs	0	182
Veterans Affairs, IA Commission	178,969	139,337
Intercompany (IPI Sales)	443,339	218,750
TOTAL	12,512,813	13,483,530

Agency Sales As Percent of Total State Agency Sales



DOC Sales As Percent of DOC Sales





Sales Analysis By Month

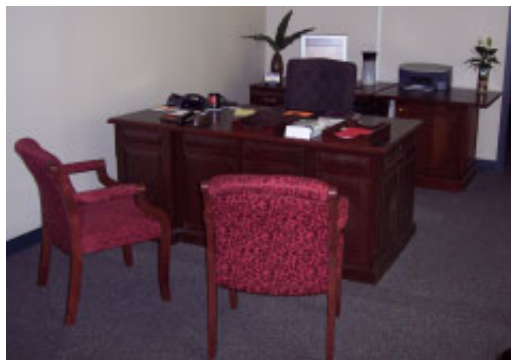
FY2002 - FY2006

	FY05-06	FY04-05	FY03-04	FY02-03	FY01-02
JULY	1,481,766	1,930,036	2,330,638	2,039,860	1,437,295
AUGUST	2,165,758	2,463,479	1,880,852	2,373,051	1,811,344
SEPTEMBER	1,535,509	1,540,607	1,418,010	1,003,140	1,102,907
OCTOBER	1,491,036	1,402,589	1,148,411	1,170,969	887,923
NOVEMBER	1,305,769	1,157,950	821,012	767,913	1,080,678
DECEMBER	1,469,352	1,359,368	978,226	1,056,168	936,772
JANUARY	1,424,910	1,655,490	946,768	1,048,951	886,473
FEBRUARY	1,360,823	1,231,856	812,799	897,098	942,559
MARCH	1,381,468	1,391,237	978,276	1,068,643	881,407
APRIL	1,284,838	1,283,655	1,247,376	1,066,214	1,120,882
MAY	1,777,683	1,297,656	1,764,327	1,113,374	951,512
JUNE	2,416,309	2,868,216	2,069,242	1,498,430	1,430,182
TOTAL SALES	\$19,095,222	\$19,582,139	\$16,395,937	\$15,103,811	\$13,469,934

Quick Facts:

IPI does an excellent job of balancing sales and work by month.

- In FY2002, 42% of sales occurred in the 4 month time span of May through August.
- In FY2006, 41% of sales also occurred within the same 4 months even though sales increased by 42% from \$13.5 million in FY2002 to \$19.1 million in FY2006.



Historical Statistics

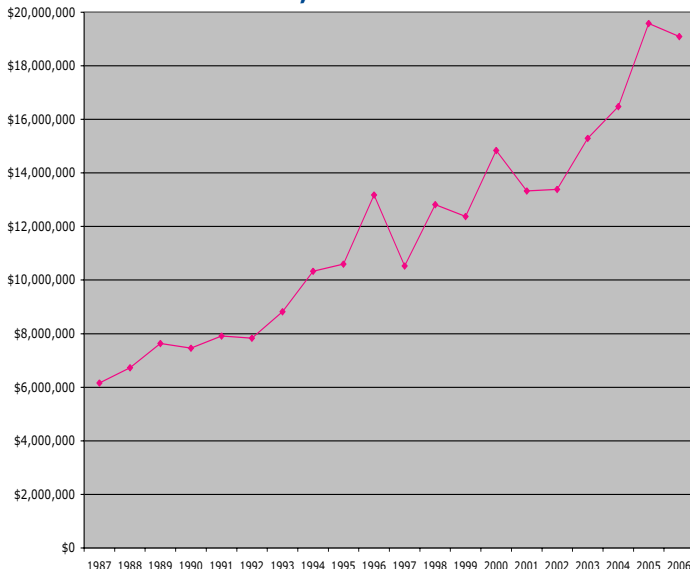


FY	Total Sales	Profit	Average Inmate Employment	Inmate Contact Hours - Work Training, Security	Annual Productivity Per Inmate Employee	Average IPI Staff
2006	\$19,095,222	\$279,018	351	692,969	\$54,402	79
2005	\$19,582,132	\$401,110	410	811,522	\$47,761	78
2004	\$16,483,191	\$332,976	365	774,622	\$45,159	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

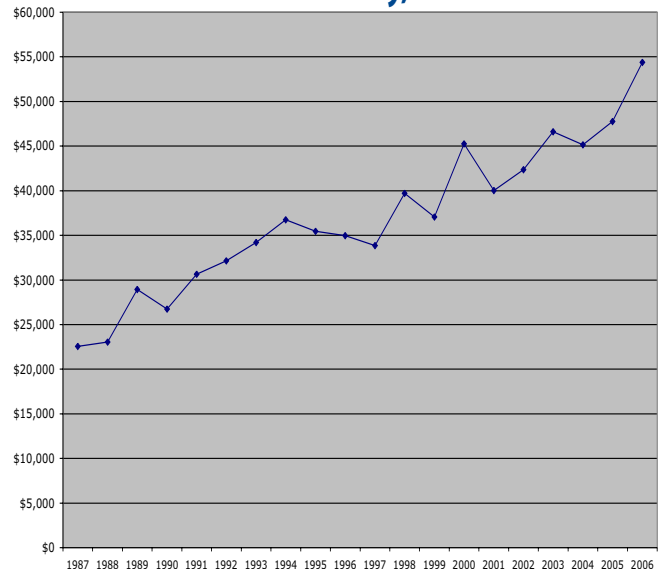
Sales have more than tripled over the last 20 years with a staff increase of only 16.

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

Sales, FY1987 - FY2006



Per Inmate Productivity, FY1987 - FY2006



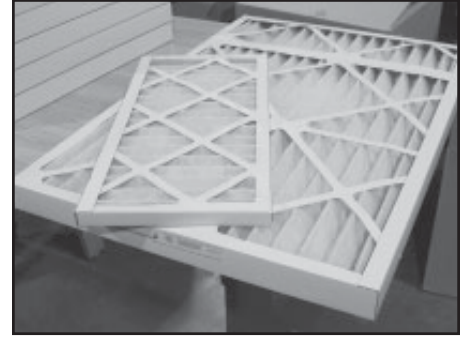


Customer Testimonials

Newton Correctional Facility: Filters

"I received the filters I ordered today. Please tell your staff thank you. If I recall correctly, I did not submit this order until June 1. So at the best that would have given you and your staff two weeks to process and deliver the order. Once again your service and filters are excellent. Thanks again."

– Ed Hicks,
Plant Operations Manager
June 2006



Governor's Office: Office Furniture

"You can imagine that I'm often 'chained to my desk' so its look and feel are important to me. When our office decided to purchase my new desk, you guys came through with a low-cost high-quality product. I was surprised at the speed of the manufacturing and delivery of the desk, and I have been very impressed with its quality, practicality, and elegance. Thanks for your great work."

– Rodell Mollineau,
Director of Communications
May 2006

Shenandoah Public Library: Library Shelving

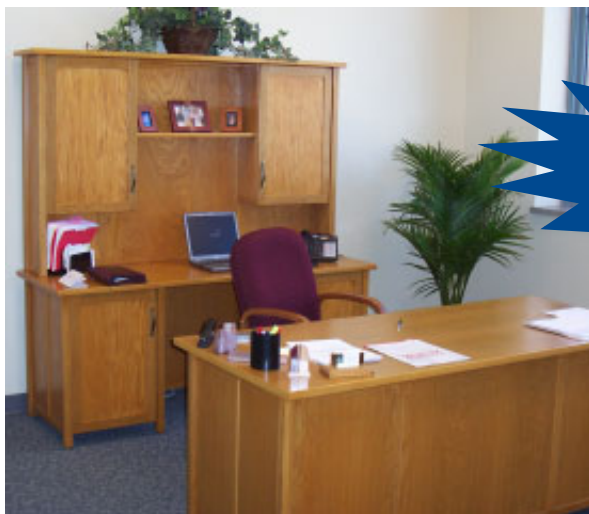
"They are lovely and the delivery man was so pleasant!"

– Liz Trippler, Children's Services
April 2006

Saydel High School: School Furniture

"Awesome! High quality, nice, heavy furniture. Great product - a super deal for the \$."

– Marcy Davidson, Art Teacher
March 2006



**Satisfied Customers
Come Back
Year After Year.**

Customer Testimonials



Underwood Middle School: School/Library Furniture

“The book carts we ordered are perfect for our needs, delivered promptly, and with no hassles!”

– *Lewis Carter, Principal*
November 2005



Jesup CSD: School / Library Furniture

“We have purchased many items from Prison Industries. Each has been functional, well made and of top quality. The best part has been the attention to detail [our sales representative] puts into measuring and making sure everything fits.”

– *Sarah Pinion, Superintendent*
September 2005

Wartburg College: Dorm / Lounge Furniture

“We receive quality products at a good price with great customer service.”

– *John Wuertz,*
Director of Physical Plant
September 2005



Davis County CSD: School Furniture

“The Davis County Community School District has ordered from Iowa Prison Industries (IPI) every year for the past ten years. We have ordered a variety of your products. We have been very pleased with the looks and durability of your products. The furniture has held up well. IPI is to be commended for their service and commitment to excellence. Thank you and we look forward to working with you in the future.”

– *Sam Miller, Principal*
August 2005

Customer Satisfaction Cards

FY2006

	Anamosa			Mitchellville		
	Excellent	Good	Below Average	Excellent	Good	Below Average
Sales Representative Knowledge	86.7%	13.2%	0.1%	78.5%	20.8%	0.8%
Timeliness of Delivery	72.9%	24.1%	3.0%	78.1%	18.8%	3.1%
Delivery Service	80.8%	18.7%	0.5%	84.4%	13.1%	2.5%
Quality of Goods	83.2%	16.0%	0.9%	82.2%	16.6%	1.3%
Value for Money	83.0%	16.6%	0.4%	72.7%	26.6%	0.7%
Questions/Problems Handled Promptly	84.5%	14.8%	0.7%	75.8%	22.6%	1.6%
Average	81.5%	17.5%	1.0%	78.8%	19.5%	1.7%
	Yes	No	Maybe	Yes	No	Maybe
Would you recommend us to others?	98.6%	0.5%	0.9%	95.9%	0.0%	4.1%

	Fort Madison			IPI Overall Cards Returned: 1,194		
	Excellent	Good	Below Average	Excellent	Good	Below Average
Sales Representative Knowledge	70.0%	30.0%	0.0%	85.3%	14.4%	0.2%
Timeliness of Delivery	58.3%	41.7%	0.0%	73.5%	23.5%	3.0%
Delivery Service	84.6%	15.4%	0.0%	81.3%	17.9%	0.8%
Quality of Goods	76.9%	15.4%	7.7%	83.0%	16.0%	1.0%
Value for Money	76.9%	23.1%	0.0%	81.4%	18.2%	0.4%
Questions/Problems Handled Promptly	75.0%	16.7%	8.3%	83.1%	16.0%	0.9%
Average	74.0%	23.3%	2.7%	81.1%	17.8%	1.1%
	Yes	No	Maybe	Yes	No	Maybe
Would you recommend us to others?	91.7%	0.0%	8.3%	98.1%	0.4%	1.4%



**Satisfied Customers
Tell Their Friends.**

St. John's staff seated on church pews during Fort Madison tour.

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.



Newton Commissary Checker



St. John's Church, Norwalk



Southeast Junior High School, Iowa City



IPI Private Sector

Partners In
Progress

Private Sector:

Private Sector is the fastest growing segment of IPI, now accounting for 60% of all Inmate Prison Industries jobs, up from only 5% in 1997. Private Sector is by far the most popular with the inmates and the cheapest skill-building program the state can offer. Private companies employ the inmates at prevailing wages. The private company is entirely responsible for inmate training. The state provides security only. Iowa Code 904.809 discusses in detail the flexibility of private sector work programs.

Private Sector provided 315,508 hours of inmate contact in 2006. (-4.2%)

Quick Facts:

- 760 inmates work in private sector, or about 8.7% 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 \$3.7 million in TAXES since 1999.
- Private Sector inmates have paid over \$1.8 million in restitution since 1999.
- Private Sector inmates have paid over \$900,000 in Victims Comp since 1999.
- Private Sector inmates have paid back to the General Fund over \$6.4 million since 1999.
- 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 goes to satisfy obligations!

EMPLOYER NAME	AVG. NUMBER INMATES	TOTAL HOURS	GROSS WAGE	TOTAL TAXES	FAM/CHILD SUPPORT	NET WAGE	RESTITUTION	VICTIM COMP	OTHER: DOC SANCTIONS COURT FEES, ETC	INMATE ACCOUNT	GENERAL FUND OFFSET
CGB PRINTING	105	48,004	\$ 362,137.53	\$ 68,172.03	\$ 42,047.31	\$ 251,918.19	\$ 43,132.47	\$ 20,622.14	\$ 1,918.52	\$ 71,111.04	\$ 115,134.12
DEE ZEE MANUFACTURING	40	16,126	\$ 134,162.17	\$ 23,844.03	\$ 6,465.94	\$ 103,852.20	\$ 14,817.90	\$ 6,303.22	\$ 916.16	\$ 26,216.65	\$ 55,596.10
H & H TRAILER	210	87,477	\$ 751,722.27	\$ 142,262.90	\$ 86,518.63	\$ 522,940.74	\$ 62,766.90	\$ 39,196.93	\$ 2,291.99	\$ 148,046.45	\$ 270,552.82
HAWKEYE GLOVE		153	\$ 1,157.42	\$ 259.59	\$ 112.47	\$ 785.36	\$ 57.95	\$ 51.20	\$ 4.22	\$ 227.26	\$ 444.73
JET CO	88	36,872	\$ 326,104.01	\$ 60,658.50	\$ 37,318.40	\$ 228,127.11	\$ 34,152.08	\$ 19,987.14	\$ 38,291.14	\$ 63,939.25	\$ 71,757.83
MAJESTIC TRUCK	20	9,532	\$ 87,553.66	\$ 15,977.66	\$ 9,149.15	\$ 62,426.85	\$ 8,698.46	\$ 4,641.37	\$ 164.00	\$ 17,510.76	\$ 31,412.26
MIDLAND MANUFACTURING	34	15,546	\$ 125,503.31	\$ 24,860.31	\$ 15,766.43	\$ 84,876.57	\$ 13,375.21	\$ 8,644.22	\$ 1,015.16	\$ 24,615.57	\$ 37,226.41
MISTY HARBOR - FT. DODGE	16	8,107	\$ 68,123.66	\$ 13,236.91	\$ 2,716.41	\$ 52,170.34	\$ 7,450.47	\$ 3,924.10	\$ 298.28	\$ 13,326.63	\$ 28,545.35
MISTY HARBOR - ROCKWELL	52	23,601	\$ 201,642.53	\$ 39,504.41	\$ 20,773.75	\$ 141,364.37	\$ 20,224.37	\$ 9,107.53	\$ 24,519.77	\$ 39,763.35	\$ 46,601.50
NUAGE MARKETING (FT. DODGE)	6	1,677	\$ 9,644.26	\$ 1,199.36	\$ 605.72	\$ 7,839.18	\$ 876.40	\$ 647.20	\$ 49.60	\$ 1,853.33	\$ 4,412.65
NUAGE MARKETING (RC)	157	52,229	\$ 309,942.62	\$ 46,006.73	\$ 51,020.68	\$ 212,915.21	\$ 29,439.84	\$ 18,932.61	\$ 3,333.92	\$ 59,945.40	\$ 98,707.96
SULLY TRUCK WASH	32	16,184	\$ 108,706.11	\$ 19,585.55	\$ 10,574.55	\$ 78,546.01	\$ 14,677.99	\$ 4,914.52	\$ 419.35	\$ 21,322.06	\$ 37,227.08
TOTAL	760	315,508	\$ 2,486,399.55	\$ 455,567.98	\$ 283,069.44	\$ 1,747,762.13	\$ 249,670.04	\$ 136,972.18	\$ 73,222.11	\$ 487,877.75	\$ 797,618.81

(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 to 5/7/02

(5) Calhoun County closed 12/21/01

(6) Sawmill Valley closed 6/15/02

(7) Resorts Marketing closed June, 2002.

(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; closed September, 2004

(12) Jet Company new July, 2004

(13) Minnesota Global Marketing closed September, 2004.

(16) Hawkeye Glove closed June, 2005

(17) NuAge at Ft. Dodge started 4/06

Iowa Private Sector Employment Works!

In a recent study conducted by Cindy J. Smith, Ph.D., of the University Baltimore, her final report submitted to NIJ described findings from a multi-state study, including Iowa. The following highlights the findings from the Iowa sample, which tracked 1,091 inmates who worked in private sector prison industries jobs and were released from prison between 1999 and 2001, and compared their results with similar offenders who had worked in either traditional prison industries or other institutional jobs. All offenders were tracked through mid-2003. This results in a follow-up period of slightly less than two years up to four and one-half years.

Fact #1: Private sector prison workers **significantly more likely to get jobs following release.** 80% of private sector prison workers obtained employment within the first quarter upon release, compared to 60% of the other groups. 11% of private sector prison workers did not have reported earnings on follow-up, compared with 21% and 27% of the other groups.

Fact #2: Private sector prison workers **significantly more likely to be continuously employed following release.** 49.2% of private sector prison workers were employed for one year or more continuously, compared to 43.9% and 45.6% of the other groups.

Fact #3: Private sector prison workers **retained employment significantly longer** than the comparison groups, based on survival analysis of the employment data described above.

Fact #4: Private sector prison workers **earn more wages and higher wages.** Mean wages for private sector prison workers over 6.6 quarters were \$4,381 to \$5,620 higher than the comparison groups.

Fact #5: Private sector prison workers **significantly more likely to stay out of prison,** compared to offenders who were not involved in prison industries while incarcerated. 95.5% of private sector prison workers, and 95.6% of the traditional prison industries comparison group remained out of prison during the follow-up period, compared to 91.2% of the comparison group who had other institutional job assignments.

What this means: Iowa Prison Industries' private sector prison employment program **helps released offenders become tax-paying citizens quicker and remain employed longer** than similar offenders who did not work in private sector prison jobs, and **reduces their likelihood of returning to prison.** These findings demonstrate private sector prison employment is an effective means to successful offender reentry into the community.

Iowa Leads The Nation In Rehabilitation!



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.
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.

-- continued on next page --

Code Section



904.809-PRIVATE SECTOR EMPLOYMENT (Continued)

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.

Almost Excellent Code Language:

- **Only one flaw:** The burden of upkeep of the building and federal training is now funded by Traditional Industries. This in 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.



IPI Cattle, Newton



IPI Bean Field, Anamosa



IPI Pasture, Fort Madison

IPI Prison Farms



- 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... Farming
For The Future**

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

**IPI Farms provided 276,555 hours
of inmate contact last year.**

Quick Facts:

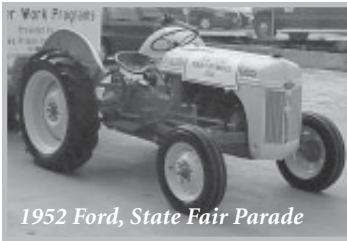
Legislative mandate: Explore and report feasibility of organic farms.

- IPI's first purely Organic Farm is located at Fort Madison. In 2006, we have 49.5 acres in the program:
 - 34.5 acres of organic oats/alfalfa
 - 3.0 acres of organic soybeans
 - 12.0 acres of transitional oats/alfalfa

We harvested 139 big square bales (850#/bale) of organic hay but have had difficulties finding a market for it. The relative feed value of the hay does not meet the quality needed to feed it to dairy livestock. We continue to look for a market, but may feed it the IPI Farm cow herd. We have learned from this experience and that we need to have irrigation and a high recommendation of fertilizer to increase quality.

- 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.

No funding will be required from the legislature.



1952 Ford, State Fair Parade



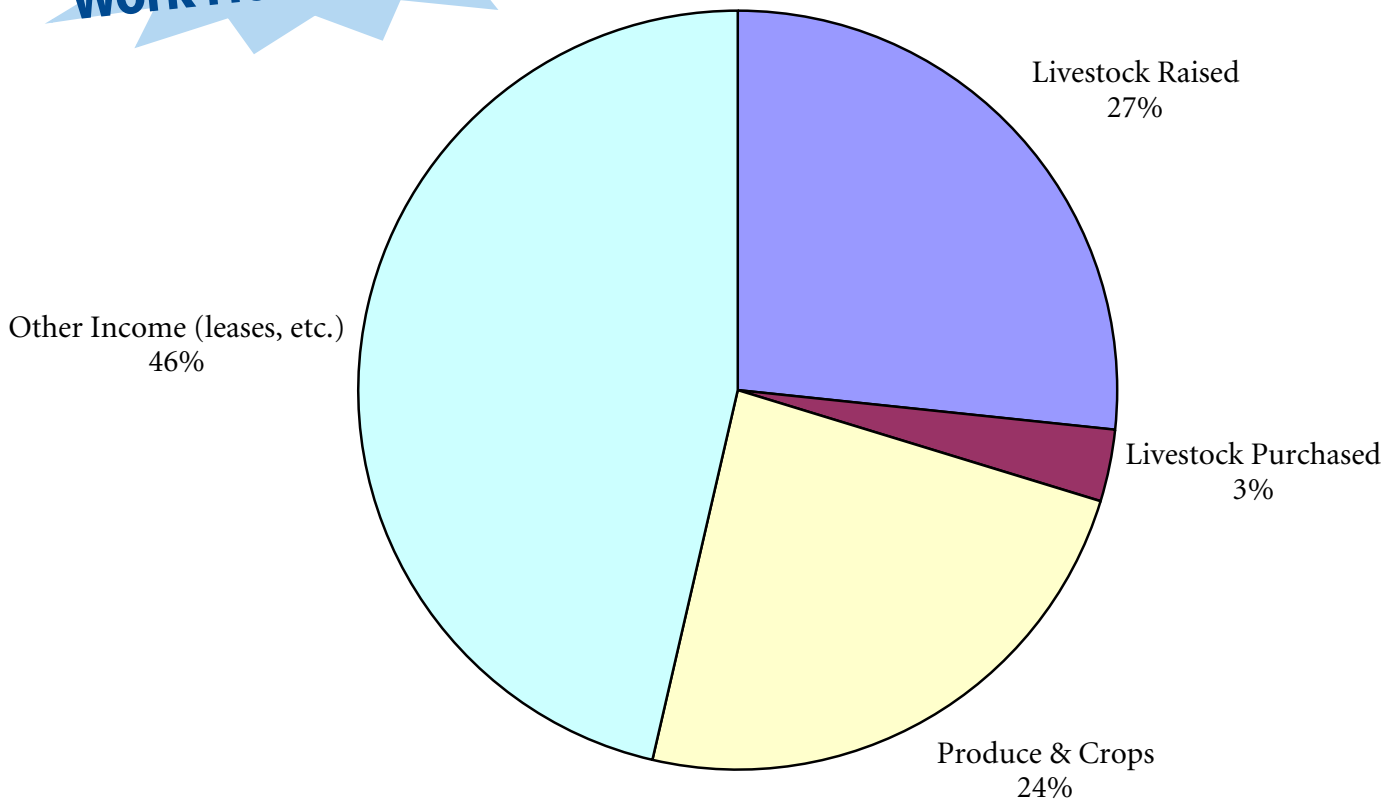
IPI Newton Farm

Financial Data

	1998	1999	2000	2001	2002	2003	2004	2005
Farm Sales								
Sale of Livestock Raised	\$231,029	\$120,799	\$127,556	\$106,135	\$76,797	\$176,662	\$181,748	\$215,806
Sale of Livestock Purchased	\$22,612	\$200,596	\$195,575	\$209,629	\$273,268	\$211,877	\$33,513	\$24,160
Sale of Produce & Crops	\$190,524	\$127,191	\$96,305	\$155,669	\$157,797	\$138,973	\$180,427	\$193,043
Other Income (Leases, etc.)	\$257,240	\$323,458	\$370,470	\$392,952	\$366,029	\$412,311	\$388,409	\$372,637
Total All Farms	\$701,405	\$772,044	\$789,906	\$864,385	\$873,891	\$939,823	\$784,097	\$805,646
Profit/Loss	\$(103,160)	\$162,624	\$211,400	\$134,750	\$161,075	\$(4,337)	\$123,643	\$80,287

276,555 Inmate Work Hours In 2005!

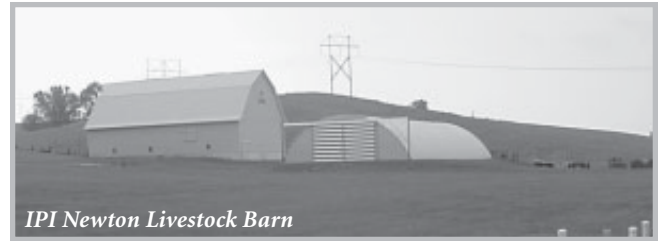
Organic Crops: Fort Madison!



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

Profit / Loss Trends

2000 - 2005



	2000	2001	2002	2003	2004	2005
Income						
Other Income						
Gain on Sale of Breeding Stock	4,135.64	3,070.83	3,602.04	1,900.90	754.09	7,314.16
Gain on Sale of Buildings	0.00	0.00	20,000.00	0.00	0.00	0.00
Gain on Sale of Machinery & Eq.	21,182.84	13,722.50	3,078.37	6,867.00	4,289.15	13,059.45
Total Other Income	25,318.48	16,793.33	26,680.41	8,767.90	5,043.24	20,373.61
Interdepartmental Revenues	10,307.00	3,027.40	19,387.75	20,607.78	17,159.94	30,039.39
Other Farm Income	370,470.39	392,951.74	366,029.36	412,310.99	388,408.85	372,637.08
Sale of Livestock Purchased	195,574.78	209,628.51	273,267.55	211,877.49	33,513.22	24,159.66
Sale of Livestock Raised	127,556.04	106,134.88	76,796.78	176,662.08	181,747.98	215,806.42
Sale of Produce & Crops Raised	96,304.68	155,669.44	157,797.01	138,973.01	180,426.91	193,043.08
Total Revenue	800,212.89	867,411.97	893,278.45	960,431.35	801,256.90	835,685.63
Total Income	825,531.37	884,205.30	919,958.86	969,199.25	806,300.14	856,059.24
Expense						
Admin. Travel Expense	397.50	278.35	227.48	36.06	272.00	203.54
Administrative Depreciation	71.60	212.92	158.52	343.26	527.92	528.15
Administrative Salaries	39,726.70	40,237.90	39,105.53	49,750.95	60,441.98	66,503.11
Advertising	1,020.49	487.91	192.16	151.87	0.00	387.13
Auto/Truck Expense	8,052.33	8,736.22	9,369.96	8,911.79	7,866.26	15,031.72
Breeding Fees	0.00	0.00	951.75	1,136.00	945.00	893.00
Conservation & Land Clearing	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	-50.73	-387.87	117.35	-164.55	-717.20
Civilian Salaries	139,758.57	198,613.68	215,864.71	231,838.81	240,691.08	261,131.49
Crops In Process - Inventory	0.00	0.00	0.00	0.00	0.00	-2,870.48
Feed Purchased	17,501.13	21,450.85	18,492.98	33,421.62	22,396.20	46,019.97
Fertilizers, Lime & Chemicals	52,634.73	44,130.13	46,430.41	54,633.57	53,345.04	72,288.43
Grains/Feeds Inventory	-53,924.52	14,123.87	-33,230.88	-26,587.25	-29,902.00	-17,823.64
Labor Hired (Inmate)	3,435.83	5,197.65	8,841.48	9,428.81	10,208.54	6,759.82
Livestock - Inventory	-12,749.47	1,253.04	-74,967.12	-35,490.30	-13,101.88	348.55
Livestock Purchased	184,614.99	160,571.14	270,115.31	213,799.34	33,815.94	29,645.79
Organic Fertilizer						
Organic Labor Hired (Inmate)	0.00	0.00	0.00	0.00	1,300.88	348.64
Organic Seeds & Plants Purchased	0.00	0.00	0.00	0.00	1,505.88	2,870.48
Seeds & Plants Purchased	15,634.55	19,039.62	16,739.71	18,841.21	17,744.21	26,987.82
Total Cost of Sales	346,941.81	464,329.25	467,898.73	500,003.16	337,839.34	424,989.67
DAS Utility Billing	0.00	0.00	0.00	0.00	0.00	1,901.48
Depreciation Expense	63,464.62	83,180.01	113,804.31	126,580.92	120,093.83	130,614.37
Freight & Trucking	8,614.32	8,945.29	10,458.50	8,731.17	4,848.50	3,794.21
Gas, Fuel, & Oil	11,170.56	12,306.91	11,730.30	15,085.45	16,679.19	26,886.24
Inmate Medical Expense	0.00	0.00	0.00	0.00	0.00	5,843.08
Interest	1,516.99	1,154.31	9,363.70	0.00	0.00	0.00
Machine Hire	18,509.31	20,414.83	16,545.57	21,278.45	31,539.28	35,418.05
Machine Lease & Rental	37,253.87	38,310.50	9,722.88	13,101.66	3,011.16	1,997.22
Miscellaneous Expense	9,568.96	10,303.17	14,749.72	10,063.76	13,524.57	12,014.82
Office Supplies/Postage Expense	826.35	556.69	309.79	944.75	1,369.36	1,098.95
Other Expense						
Bad Debt Expense	33,064.04	0.00	0.00	0.00	0.00	-61.68
Loss on Sale of Buildings	4,102.88	0.00	0.00	0.00	0.00	0.00
Loss on Sale of Breeding Stock	0.00	0.00	1,114.34	292.88	1,844.93	1,023.41
Loss on Sale of Machinery & Eq.	496.01	240.36	292.42	1,685.06	0.00	438.44
Total Other Expense	37,662.93	240.36	1,406.76	1,977.94	1,844.93	1,400.17
Other Selling Expenses	2,216.56	2,203.09	4,899.81	3,906.87	5,374.64	5,607.85
Repair to Buildings	53.98	1,015.01	1,147.51	1,361.47	5,963.36	2,310.71
Repair to Machinery	7,645.00	6,875.72	9,828.83	9,146.23	15,367.00	12,476.43
Storage/Warehousing	1,959.88	0.00	0.00	170.03	2,841.19	3,076.73
Supplies Purchased	6,827.56	15,093.18	14,899.44	16,196.13	20,868.96	8,645.58
Telephone Expense	2,228.10	2,246.25	2,407.58	2,618.26	3,890.25	1,834.39
Travel Expense	0.00	71.20	161.12	238.27	301.92	222.10
Unusual Expense	0.00	0.00	0.00	160,000.00	0.00	0.00
Utilities	1,003.65	4,321.14	2,086.15	4,941.71	3,295.74	3,056.39
Veterinary Fees & Medicine	7,248.40	6,910.69	11,048.14	9,903.03	8,899.15	7,180.68
Total Expense	614,131.47	749,455.35	758,883.94	973,536.20	682,657.03	775,771.77
Net Income	211,399.90	134,749.95	161,074.92	-4,336.95	123,643.11	80,287.47



IPI Anamosa Cornfield

2006 Notes

- IPI Farms-Anamosa did a land exchange with Vicky Ross according to a survey of adjoining property. IPI Farms installed a new fence running East-West and Vicky Ross installed a new fence running North-South per agreement. Also put up a new Steel Arch Building at Farm #4.
- IPI Farms-Eldora notified the renter that we will be giving up a small portion of the crop ground to the Eldora Training School so they can preserve their cemetery.
- IPI Farms-Ft. Madison exchanged tillable ground for lower quality ground with Lee County Economic Development.
- IPI Farms-Glenwood donated a 50x80x14 steel building to the Glenwood State Hospital School. Original cost of building (\$18,455.00) less depreciation through Sept. 30, 2006 (\$12,201.07) equals a net book value of \$6,253.93.
- IPI Farms-Woodward notified Jeff Pierce, our renter, that we are reducing his lease for 2007 by 15 acres since this ground will be used by the Woodward State Hospital School for installation of a new lagoon.



IPI Anamosa Cornfield & Hay Barns

Iowa Crop Prices



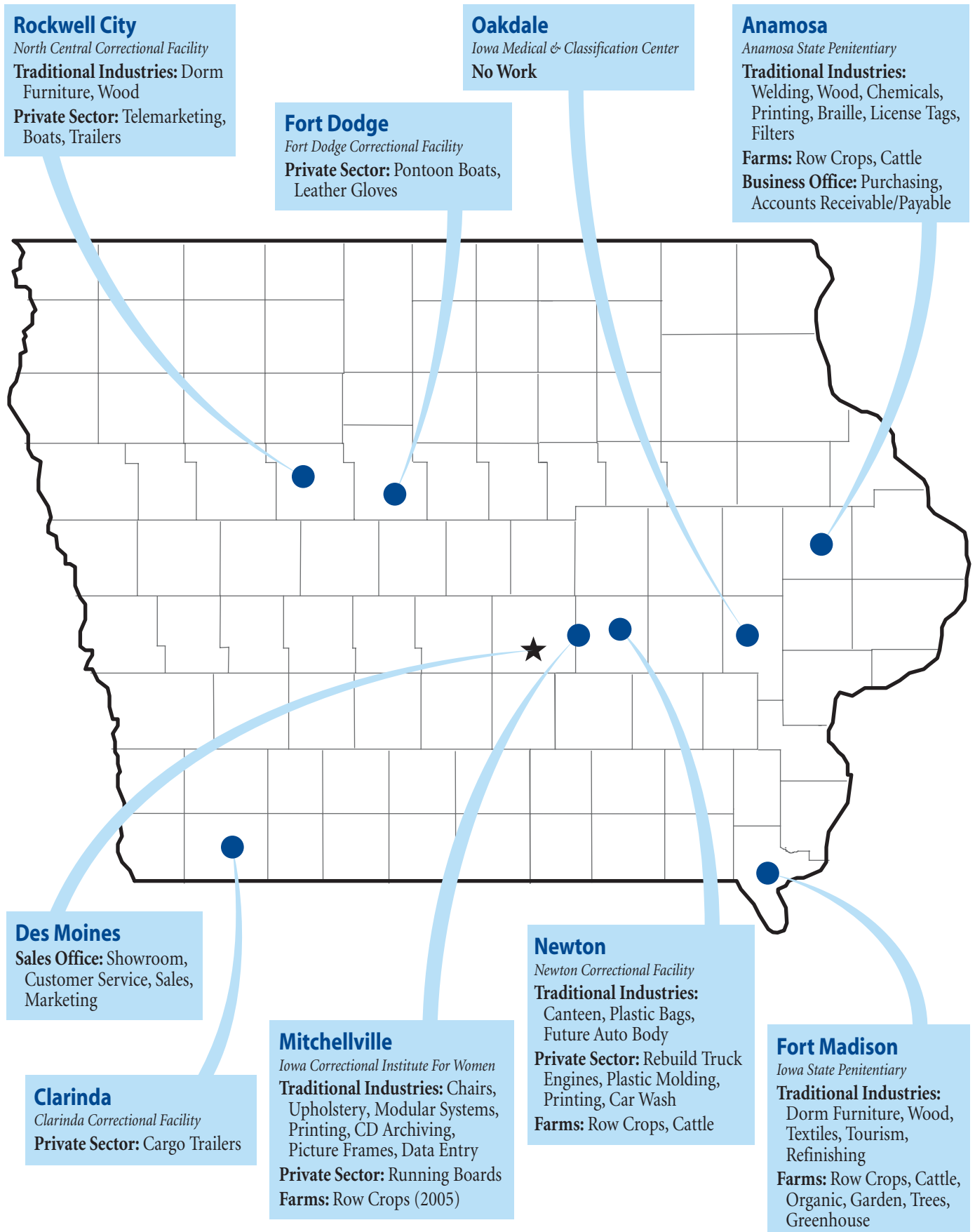
Year	-----Dollars Per Bushel-----				-----Dollars Per Ton-----		
	Corn	Oats	Soybeans	Wheat	All Hay	Alfalfa	Other Hay
1985	2.02	1.27	4.99	2.95	\$46.50	*	*
1986	1.41	1.17	4.73	2.30	\$40.50	*	*
1987	1.89	1.68	5.97	2.75	\$43.00	*	*
1988	2.45	2.85	7.33	3.82	\$75.00	*	*
1989	2.29	1.51	5.62	3.80	\$80.50	\$84.00	\$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	2.37	1.54	7.70	2.85	\$79.50	\$82.00	\$59.50
2004	1.99	1.49	5.76	3.05	\$83.00	\$85.50	\$59.50
2005	1.85	1.70	5.45	3.10	\$78.00	\$80.50	\$55.50

- Corn prices decreased 17¢ per bushel between 1985 and 2005.
- 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
510 E 12th Street
Des Moines, IA 50319
800-670-4537 • www.iaprisonind.com

Printed By Female Offenders At
The Iowa Correctional Institute For
Women At A Cost Of \$6.12 Each.