



Building Brighter Futures

Annual Report FY2016

Iowa Code §904.801 – Statement of Intent

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

- 1** To develop within those inmates willing to accept and persevere in such work:
 - a)** Positive attitudes which will enable them to eventually function as law-abiding, self-supporting members of the community;
 - b)** Good work habits that will assist them in eventually securing and holding gainful employment outside the correctional system;
 - c)** To the extent feasible, marketable skills that can lead directly to gainful employment upon release from a correctional institution.
- 2** To enable those inmates willing to accept and persevere in such work to:
 - a)** Provide or assist in providing for their dependents, thus tending to strengthen the inmates' family ties while reducing the likelihood that inmates' families will have to rely upon public assistance for subsistence
 - b)** Make restitution, as the opportunity to do so becomes available, to the victims of the offenses for which the inmates were incarcerated, so as to assist the inmates in accepting responsibility for the consequences of their acts;
 - c)** Make it feasible to require that such inmates pay some portion of the cost of board and maintenance in a correctional institution, in a manner similar to what would be necessary if they were employed in the community;
 - d)** Accumulate savings so that such inmates will have funds for necessities upon their eventual return to the community.

About the Cover

During FY2016, IPI began a journey to adopt a lean manufacturing culture. Lean relies on the active engagement of all associates, both staff and offender. This year's cover is a photo mosaic illustrating the many contributions of IPI associates statewide.

We could not have completed this year's report without the help of IPI staff and offenders from each of IPI's work areas sharing their experiences with lean manufacturing. A big thank you to everyone who contributed to this project!



Letter From The Governor

Iowa Prison Industries provides a valuable service to the citizens of Iowa, our state prisons, and offenders themselves. Since 90% of the offenders in Iowa's prisons are scheduled to be released back into our communities, it's important that they are trained and ready to re-enter society as productive, working taxpayers. We don't want offenders committing new crimes after they're released, and getting a good job is one of the most important factors for successful re-entry.

Iowa Prison Industries training programs also support Iowa economic development. Their programs such as welding, machining, forklift operation and woodworking provide skills that are in demand by Iowa manufacturers. This training also helps offenders learn the value of hard work, and allows them to develop confidence and a self-supporting attitude.

The Prison Industry Enhancement (PIE) program run by Iowa Prison Industries allows Iowa businesses to employ men and women while they are still incarcerated. These offenders hold manufacturing and service jobs with private sector

employers that are otherwise unable to meet their workforce needs. They also contributed nearly \$1.7 million in state and federal taxes, victim compensation, child support, and court ordered restitution, as well as paying back some of their own cost of incarceration.

Iowa Prison Industries is self funding and receives no government appropriations, and so it provides these work training programs with no cost to Iowa taxpayers.

Please join me in congratulating Iowa Prison Industries on an excellent performance in FY2016!

A handwritten signature in blue ink, reading "Terry Branstad".



Letter From The DOC Director

Within the Iowa Department of Corrections, our Mission is to advance successful offender reentry to protect the public, staff and offenders from victimization. Since more than 5,000 men and women are released from Iowa's state prisons back into our communities every year, it's a big job, and a vitally important job.

It's far better that these released offenders are prepared for life outside of prison, and work training programs are an important part of this preparation. Offenders that have worked in Iowa Prison Industry programs have been shown to be less likely to commit new crimes and return to prison. As a result, IPI programs help reduce the number of crime victims, investigatory costs, and the cost to incarcerate repeat offenders.

Many offenders training with IPI have not previously held responsible jobs, and may lack basic reentry skills such as showing up for work, producing a quality product, and working as part of a team. IPI trains offenders in these general work and life skills, as well as specific vocational skills such as welding, woodworking, machine tool operation, forklift driving, and lean manufacturing.

Every day, nearly 600 offenders spend their time on tasks that are positive and productive. While training with IPI, these men and women produce high quality furniture, clothing, signs, and other valuable products for government agencies and non-profit organizations. Thus, these highly trained offenders require less supervision, lower corrections costs, and overall have less opportunity to engage in counterproductive activities.

On behalf of the entire Department of Corrections, I commend the staff of Iowa Prison Industries for their commitment to the overall DOC mission, and their service to the citizens of Iowa.



Letter From The IPI Director

Last year 5,571 offenders were released from Iowa's prisons.

Unfortunately, nearly a third will be back within 3 years.

Iowa's return to prison rate (recidivism) is one of the lowest in the nation, but still, too many ex-offenders wind up back in state prison, unsuccessful in their re-entry to society.

Why? One reason is that many of the men and women sitting in prison have never held a steady job. Never felt the dignity of doing good work. Never learned to work in a team. Never learned they can advance themselves without victimizing someone.

You can imagine the challenge facing someone that has been released from prison and has no effective job skills.

That's why IPI's Vision is *A Meaningful Work Opportunity For Every Offender*. Work training is one of the most effective ways to prepare for a successful return to society. "Successful re-entry" is not just some feel-good thing. Successful re-entry means an ex-offender didn't commit a new crime that victimized an Iowan, but instead became a taxpaying citizen and good neighbor once again.

IPI pursues this Vision without any government appropriations – IPI is self-funding, and represents an excellent value to Iowans. In fact, a recent study showed that IPI programs save Iowans more than \$4 million annually because fewer people committed new crimes and returned to prison. As a result, Iowans paid less to investigate and prosecute crimes, paid less for their incarceration, and most importantly, victims had fewer expenses for things such as hospital bills and lost wages. "Successful re-entry" is what drives IPI and the Department of Corrections.

FY2016 was a notable year for IPI, as we inaugurated a new facility at the Iowa State Penitentiary in Fort Madison. We invested more than \$3 million into this modern work training operation without any cost to taxpayers. FY16 was also the beginning of our Lean

Manufacturing journey. The Prison Industries Manufacturing System (PIMS) is based on the Toyota Way and is a big change in the way we work. PIMS will better prepare offenders for release, make the workplace safer and more efficient, and improve our ability to deliver value to IPI customers.

Financially, sales for IPI Traditional Industries increased by 1% to \$24.4 million, although Net Sustainable Income fell to just \$62,874. IPI Farms reported revenue of \$2.2 million, unchanged from last year, while Net Sustainable Income fell to \$0.3 million, a \$0.1 million decrease from 2014 due to lower commodity prices.

IPI programs returned more than \$1.9 million to the DOC institutions and the state's General Fund, through sources such as the Central Commissary, Private Industry Programs, and Pay for Stay funding.

Website sales grew 5% to \$3 million, and 559 new accounts were established. Another growing area is the Central Canteen, where sales reached a record \$6.3 million. MP3 players and songs continue to be very popular Canteen items.

With the decline in farm implement sales, IPI's private sector activity fell to 199,982 hours, and gross wages decreased 17% to \$2.1 million. By law, offenders keep 20% of their gross wages, with the balance going to taxes, restitution, child support, and victim compensation. In FY2016, offenders in this IPI program paid \$681,035 in victim compensation and court ordered restitution. Another \$571,622 was paid to Iowa's General Fund and the DOC institutions.

IPI has a Mission of providing offender training opportunities at no cost to taxpayers. We were able to achieve our Mission during FY2016 thanks to the skill, dedication and hard work of IPI associates, plus the support of customers and friends throughout the state of Iowa.

On behalf of everyone at Iowa Prison Industries, I invite you to enjoy our FY2016 Annual Report!

IPI Advisory Board



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



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



Jennifer Gardner, Agricultural Representative
Farmer & Teacher
Douds

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



Yvonne (Bonnie) Winther, Labor Representative
Communication Workers of America
Waterloo



Terry Goodman, Manufacturing Representative
PDM Distribution, Inc.
Ames



Dr. Jennifer Foster, Vocational Education Representative
DMACC
Des Moines



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

IPI Leadership Team



Ann Pollock
Chief Financial Officer



Robert (Bob) Fairfax
Sales & Marketing Manager



Mike Lynch
Farms Director

IPI's Leadership Team ensures that we provide meaningful work training for offenders while remaining financially self supporting. As with private businesses, IPI must deliver the price, quality and service that customers demand. The IPI Leadership Team is also responsible for financial management, including budgeting, sales analysis, and expense control.



Becky Jones
Plant Manager:
Fort Madison
Mount Pleasant



Justin Opfer
Plant Manager:
Fort Dodge
Mitchellville
Newton



Al Reiter
Plant Manager:
Anamosa
Rockwell City



Clint Schmidt
Manager:
Des Moines
Operations

PIMS

During FY16, Iowa Prison Industries began a journey to adopt the culture of “lean manufacturing”. The most famous system of lean is the Toyota Production System, which catapulted Toyota into the position of the world’s largest and most profitable automobile manufacturer.

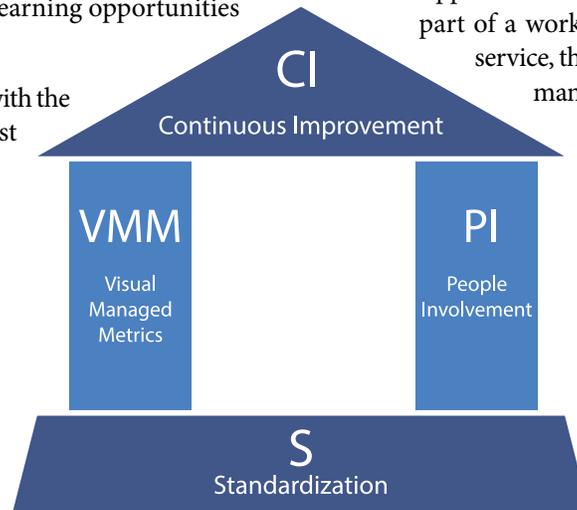
At IPI, we adapted the Toyota system to our own environment and named it the **Prison Industries Manufacturing System**, or **PIMS**. We refer to PIMS as “The Way We Work”.

There are many famous tools associated with lean manufacturing, such as Kanban, 5S, Just-in-Time, and Kaizen. These tools, and many more, have been adopted into PIMS as well. But the heart and soul of PIMS is a culture of continuous improvement through the engagement of all associates. And by “associates”, we mean both staff and offenders.

The reasons that we decided to embark on this never-ending journey were to:

1. Help us be better suppliers for our customers
2. Provide a better work environment
3. Provide all IPI associates new learning opportunities and skills

The implementation of PIMS began with the hiring of our Lean Training Specialist Steve Forbes. Steve travels across the state coaching and training IPI associates, and helping them gain a deeper understanding of the PIMS philosophy and tool set. The implementation continued with the development of eight eLearning modules (computer based training) – each associate, both staff and offender, completes two of these modules each quarter. Once all eight modules are



successfully completed, associates earn a Certification in Lean Manufacturing. For offenders, this will be a useful tool in their re-entry, since virtually all hiring organizations seek employees with the ability to identify and solve problems.

IPI’s leadership team identified 5 Goals that the organization needed to work toward. The first, and most important is Safety, and a goal of no OSHA recordable injuries for 2016 was established. Similar goals were set for Quality, Delivery, Cost and Engagement of Associates. Once the overall goals had been communicated to associates, we established 35 work teams and asked them to set individual work team goals that supported the overall IPI goal. Every IPI associate is part of a work team, including sales and customer service, the business office, and of course all of the manufacturing and distribution operations.

IPI is very fortunate to have a large number of talented and dedicated staff and offenders. Although we have taken just the first few steps on this journey of continuous improvement, we are confident that with the full engagement of all associates, IPI will become a better supplier, provide a better work environment, and offer new and exciting opportunities for associates to develop themselves.

ANAMOSA

The IPI facilities at the Anamosa State Penitentiary consist of eight manufacturing shops: Braille, Custom Wood, Filters, Graphic Arts, Housekeeping & Laundry, License Plates, Metal Furniture, and Sign. IPI's Customer Service and Business offices are also located in Anamosa.



Plant Management: Kim Zimmerman, Supervisor, Al Reiter, Plant Manager, Todd Pearson, Supervisor



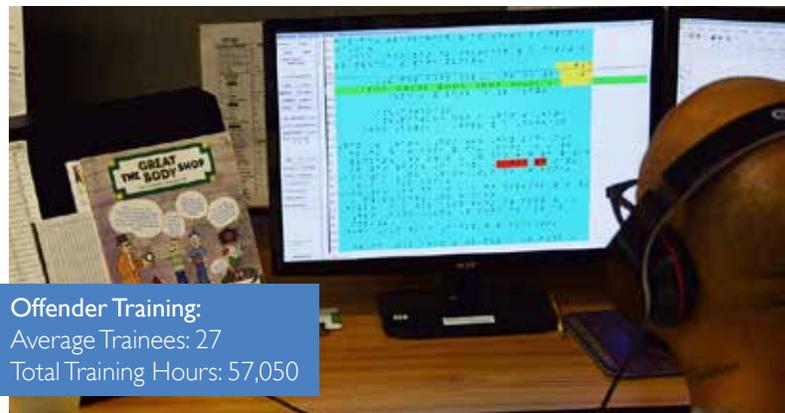
Lennie Miller,
Production Coordinator

Braille

The Braille Shop transcribes books and documents into Braille for sight impaired school children in Iowa and across the nation. Transcribers and proofreaders train for many years to be certified. The shop also repairs Braille equipment.

New this year in the Braille Shop is the Braille on Demand service. Through a partnership with the Iowa Department of Education, Braille on Demand provides quick turnaround on transcribing classroom documents to K-12 students across Iowa. IPI can either emboss the transcribed documents or email the files to the school for faster delivery.

Braille redesigned and expanded their production room to operate more efficiently, meet PREA standards, and reduce the noise level in the transcription area. A storage room was also added which allowed the shop to free up valuable floor space and improve supply organization.



Offender Training:
Average Trainees: 27
Total Training Hours: 57,050

Since the Braille Shop had been following a corrective action process since 2014 to address issues, the introduction of PIMS metric boards in April was a natural transition. Staff and offenders quickly saw an improvement in communication between each other. The shop continues to look for ways to improve efficiencies in their work as well as new prospects to increase offender work training opportunities.

Custom Wood

Custom projects are the specialty of the Custom Wood shop with nearly every order designed specifically to meet the customer's needs. Staff and offenders implemented their metric board in March. The metric board offender team leader touches base with each offender in the shop throughout the day to ensure all issues get documented. The offenders then determine countermeasures for each issue at the end of each day at their daily huddle.



Offender Training:
Average Trainees: 35
Total Training Hours: 75,026



Keith Paulson, Technician, Kent Ashline, Production Coordinator

A 5S event was held for the shop's inventory room to clean and organize it. Changes were still being implemented at the end of the year, and 5S audits will soon begin.

Even though the products being produced in the Custom Wood shop are one-of-a-kinds, there are still standard work procedures that can be developed. Standard work documents are already in place for nearly every machine, and the offenders are moving on to different procedures, such as sanding.

One of the next projects the Custom Wood shop is undertaking is mapping out all the machinery in the shop. This will be extremely useful in ensuring the flow of work through the shop is as efficient as possible.

Filters & Housekeeping/Laundry

While the Filters and Housekeeping/Laundry shops are officially separate shops from a business and product point of view, they share floor space, IPI staff and offender workers.



Tammy Luchtenburg, Production Coordinator

A 5S event was held in the shops in July, which resulted in a complete reorganization of the space. An essential goal of the 5S event was to create more workspace for Housekeeping/Laundry to accommodate all of the products from Mitchellville's Housekeeping & Chemicals shop scheduled to close in January 2016. After the space was decluttered, floor lines and signage were added to clearly define each work area. A smoother production flow was also designed and implemented in Filters, reducing the shop's work time on orders to only five days.

For Visual Metrics Management, Filters and Housekeeping/Laundry each have their own standard IPI metric board and a separate board that lists each open order in the shop, the date received in the shop, and the date due to the customer. These boards allow each IPI staff and offender to quickly see the workload in each shop.



Offender Training:
Average Trainees: 17
Total Training Hours: 36,273

Graphic Arts



*Al Stecher, Senior Technician,
Jeff Whitson, Production Coordinator*

Graphic Arts is a full-service print shop providing services such as printing, binding, and mailing.

While the PIMS metric board has only been in place since April, Graphic Arts is already seeing improvements in the goals as countermeasures are implemented and processes improved.

Other visual metrics management methods have also been implemented in the shop. The new Daily Work Activity log



Offender Training:
Average Trainees: 12
Total Training Hours: 25,655

tracks how long it takes each project to go through the work centers in the shop. Staff and offenders can see where each project is at within the shop at a glance. They also review completed jobs to see where bottlenecks may exist and discuss and implement any changes necessary to reduce those bottlenecks in the future. A new Weekly Training Schedule tracks all training within the shop enabling staff to quickly see each offender's progress through Graphic Art's rating system.

License Plates



*Luke Fowler,
Senior Technician*

The License Plates shop produces over 1.2 million license plates annually as Iowa's sole provider of license plates for cars, motorcycles and trailers within Iowa. While the shop already operated very efficiently, PIMS has forced the shop to take a deeper look at procedures to see where further improvements can be made.

Offenders and staff began tracking the number of plates that were scrapped as the cost tracking category of the shop's metric board. One issue identified was that scrap plates are created each time materials are changed to run a different type of plate. Several countermeasures, such as grouping plates more efficiently, have already reduced the scrap plates created. The

shop is also finding uses for the scrap plates; for example, scrap yellow plates are being placed in between orders as they are prepared for shipping to reduce shipping errors.

One of the next PIMS projects in License Plates is the development of standard work documents for all work in the shop.



Offender Training:
Average Trainees: 10
Total Training Hours: 21,715

Metal Furniture



Jared Ash, Technician, David Schmitt, Senior Technician, Rod Schlee, Production Coordinator, Jacob Bonert, Technician

The Metal Furniture shop provides a variety of furniture to schools, colleges and universities, governmental offices and parks; the K-12 school market accounts for 68% of the shops sales.

PIMS metric boards were installed in Metal Furniture in May. The shop has three boards throughout the shop to accurately



capture the different areas of the shop and the different stages of production that most products go through. Daily metric boards meetings have been essential in getting the offenders involved in the PIMS process, enabling better communication between the different areas in the shop, and giving more accountability to the offenders.

Signs



Pat Fowler, Senior Technician, Mark Hollenback, Production Coordinator; Not Shown: Wayne Leytem, Technician

The Sign shop keeps busy producing standard and custom signs and decals, mainly to city and county government agencies. The shop has the ability to produce virtually any size and complexity of signs as well as banners and other specialty materials.



Three metric boards are installed in three Sign shop work areas: Sheeting, Fabrications and Silk Screen. The boards are bringing to light a variety of opportunities for improvement, but frequently human error is the root cause of many issues. To reduce these errors, a number of checklists and quality control steps have been implemented with immediate results.



Jamey Klostermann, Technician, Ruthie Mosser, Purchasing, Darin Jardng, Senior Technician; Not Shown: Mike Kuper, Driver, Fred Schilling, Driver, Don Chapman, Driver

Warehouse

The Anamosa Warehouse delivers all orders for the Anamosa shops as well as receives deliveries for the shops; staff includes two technicians, one purchasing agent and three drivers.

The Warehouse did a large reorganization of the main climate-controlled warehouse in order to create storage space for the Housekeeping & Laundry expansion. However, staff is looking forward to utilizing 5S in the warehouses in the coming year to make further improvements. A metric board and a training tracking board have just been installed in the Warehouse. The boards will assist the Warehouse in increasing efficiencies and the time it takes to get orders delivered.

Offender Training:
Average Trainees: 4
Total Training Hours: 8,786



Customer Service Representatives: Diane Hughes, Chris Guy, Teresa Engelbart, Deb Mahoney

Customer Service

The Customer Service office, located in Anamosa, consists of four Customer Service representatives; each serve specific customer markets with all their IPI needs.

As an office environment, the goals on the Customer Service metric board are very different than in the shops. For example, the office's Health & Safety goal is to "better share workload to reduce the stress and frustration of the team members." To track this goal, a separate visual metrics management board is used to record the number of orders, emails, faxes, and phone calls for each team member. Using these numbers, the team has worked to redistribute some of the workload more equitably.



Steve Forbes, Training Specialist, Ann Pollock, Manager, Pete Quackenbush, IT Specialist, Pam Kray, Purchasing, Tara Dietiker, Accounting Technician, Ann Noska, Accountant, Sandy Bunce, Accounting Technician

Business Office

The IPI Business Office consists of financials, accounts payable, accounts receivable, IT, and new this year, Lean training.

In FY2016, the Business Office started applying the concepts of PIMS to various processes and office spaces. A one-day 5S event was held to organize the office's storage room in February. Many unneeded supplies were disposed of, the space was organized more efficiently, and everything was labeled to assist in sustaining the organization. Many of the Business Office's processes are being examined to see where efficiencies can be found. Future plans for the Business Office include a Kaizen event to streamline IPI's interdepartmental sales process for handling sales between shops.

ROCKWELL CITY

Welding/Metal Products

Rockwell City is the home of IPI's equipment refurbishing program, restoring snow plows, truck beds, trailers and other large equipment to a like-new condition. The shop also produces a variety of large metal products such as grills, park benches and docks.

While the Rockwell City plant was one of the last IPI shops to be trained in PIMS in FY2016, the staff and offenders quickly dove into the new system. Because of the high turnover of



Offender Training:
Average Trainees: 20
Total Training Hours: 41,574



*Doyle Austin, Senior Technician,
Craig Hilpipre, Production Coordinator*

offenders training in the Rockwell City plant, training in Lean and PIMS is continuous.

The first two PIMS projects completed at Rockwell City were the establishment of metric boards and installing signage around the plant. Rockwell City utilizes two metric boards that were started in May: Welding & Fabrication and Paint & Assembly. New signage was installed around the shop to designate the different work areas. The signage allows anyone entering the plant to quickly understand the shop's layout and is very helpful for new offenders.

The biggest focus for Rockwell City is creating Standard Worksheet (SWS) documents and Job Instruction Sheets (JIS). Currently, the shop is striving to spend one hour per day on creating standard work as its People Engagement goal. Eventually, they plan to have an SWS for every job in every work area. An example of an SWS at Rockwell City would be how to powder coat a plow.



IPI-Mitchellville is comprised of three main shops: Panels & Seating, Textiles, and Plastics. IPI Mitchellville is the third IPI location to implement an incentive program for continuous improvement ideas. Offenders suggest improvements and an implementation plan to staff; if their idea is implemented they can select from a number of incentives based on the cost savings to IPI.



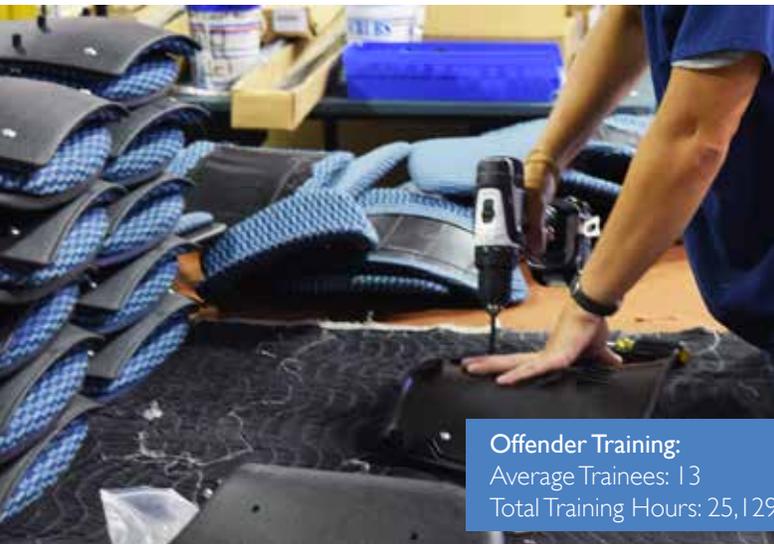
Karyn Hartwig-Evans, Technician; Justin Opfer, Plant Manager; Jim Pinegar, Technician; Todd Givens, Technician



Offender Training:
Average Trainees: 16
Total Training Hours: 31,750

Textiles

The implementation of PIMS in the Textiles division quickly resulted in reduced waste and quicker delivery lead times. After the production of jeans and denim jackets moved to Fort Dodge Textiles, capacity opened up for the production of scrubs for Iowa's institutions. The new production line for scrubs was designed Lean with a one-piece flow using mostly stand-up sewing machine stations. The offenders continue to improve the line as errors are found and countermeasures implemented. For example, in January 2016, 8% of finished products were scrapped due to errors; by May 2016, the number scrapped products were down to less than 2% of finished goods.



Offender Training:
Average Trainees: 13
Total Training Hours: 25,129

Panels & Seating

The process of implementing PIMS in the Panels & Seating division has just begun. Already, the increased communication brought on by the metric board is giving the offenders a chance to bring their challenges, difficulties and successes to the entire team. The use of visual management tools is allowing issues to be brought out in the open for everyone to see. The offenders see the creation of standard work procedures as having the greatest impact in the shop as their PIMS journey continues. Each week the team dedicates time to creating standard work procedures, starting with the most popular products, to ensure that all offenders are performing the work in the most efficient, safest way possible every time.

Plastics

In FY2016, the Plastics division added a second plastics machine to better meet customer's delivery expectations. By the end of the year, the shop was consistently having standard orders ready to ship within fourteen days and special orders within forty days; the shop hopes to reduce this further as improvements are made to the production process. Visual management tools have identified a variety of common errors, such as incorrectly labeling boxes, and the offenders have worked diligently to implement effective countermeasures. Besides the measurable results, the impact of PIMS has resulted in noticeably increased morale in the offenders; they seem more interested in doing a better job, are more invested in their work, and feel they are more a part of a team.



Offender Training:
Average Trainees: 3
Total Training Hours: 5,852

NEWTON

Central Canteen

Over the past fifteen years, the Central Canteen at the Newton Correctional Facility has supplied Iowa's offenders with commissary items such as snacks, toiletry items, music and more.

In order to fill an average of 1,000 orders daily, the Central Canteen has always operated with efficiency and continuous improvement in mind. The introduction of PIMS in April 2016 into the Central Canteen's practices forced staff and offenders to take a hard look at their procedures to see what further improvements could be made.



Offender Training:
Average Trainees: 38
Total Training Hours: 77,824



Keith Kirchner, Driver, Dale Schwickerath, Technician, Chad Squires, Supervisor, Deanna Cross, Technician

Standardization is the foundation of PIMS and is especially important in a distribution facility such as the Central Canteen. Standard work procedures are currently being developed for every job within the Canteen. These procedures are being incorporated into training videos for new staff to ensure each new offender trainee receives the exact same training.

Visual management is another facet of PIMS that has quickly impacted Canteen operations. While they've had a computer monitor for several years that provides live data on production and errors for the storekeepers, additional screens will be added to visually monitor the checking stations. Daily statistics on the checking stations have always been available, but modifications in the data provided and better communication of the data is already increasing production and reducing errors.

Future plans for the Central Canteen include utilizing 5S for better workplace organization, continuing to create standard work procedures, and monitoring the results of the standard work to see where improvements can be made.

FORT DODGE



James Van Langen,
Technician

Textiles

The Fort Dodge Textiles shop was setup using the principles of Lean Manufacturing to produce jeans in April 2015. Production of jean jackets was moved to this location in January 2016. IPI partnered with an Iowa State University Apparel,

Merchandising & Design program class to improve the fit and comfort of the jackets worn by Iowa offenders and increase production.

Since PIMS is based on Lean, the introduction of PIMS into the Textiles shop was a relatively seamless process. Many PIMS tools are in place at Fort Dodge including 5S, standard work, visual management and continuous improvement.

After the introduction of PIMS, Textiles completed many tasks to meet the new standards. Standard work documents were updated to the IPI standard format. The colors of the floor markings were changed to IPI standard colors. 5S audits were initiated and are now completed weekly.



Offender Training:
Average Trainees: 24
Total Training Hours: 37,133

Textile's single metric board has been utilized most of this fiscal year. Since the board's inception, the goal for order completion has been cut in half from ten working days to only five working days, even with the addition of jean jackets to the shop. The shop also has a daily production board that tracks production by the hour to ensure the shop meets its daily goals.

The continuous improvement incentive plan in Textiles garnered nearly 100 ideas this year. Offenders submit their ideas to a lead offender worker utilizing the standard IPI continuous improvement form. IPI staff logs and tracks all the ideas on a spreadsheet. Many ideas have been implemented or have been passed on to IPI management for consideration. For example, caution "hot" labels were installed on the pocket press machine to give offenders a visual reminder of the danger and reduce injuries.

The shop continues to focus on increasing efficiencies and production in order to expand into other Textiles products in the future within the limited space available.

DES MOINES



Andrew Gogerty, Sales Rep, Scott Klinefelter, Sales Rep, Dennis Barry, Sales Rep, Julie Olinger, Lead Clerk, Kevin Peterson, Sales & Service Rep, Ann Baughman, Marketing Manager, Bob Fairfax, Director of Sales & Marketing

IPI Showroom

Located just a couple of blocks away from the Capitol Complex, the IPI Showroom offers customers a location to view IPI products and meet with IPI staff. It also houses IPI's sales and marketing team and employs offenders from ICIW's minimum live-out unit.

The Showroom's metric board has been in operation since March, and the team has already implemented several small changes that have resulted in immediate improvements. For example, to reduce errors on orders sent in for processing, staff members are being more careful, specifications have been made clearer, and communication has improved. A visual management board for custom drawing and price requests has been created to track the requests into the shops, allowing all staff to quickly see the overall workload and any late requests.

Sales and marketing staff look forward to future improvements throughout IPI that will allow us to continue to offer high quality products to our customers with improved lead times on quotes and orders.



Offender Training:
Average Trainees: 2
Total Training Hours: 3,218

Des Moines Operations

Des Moines Operations consists of three work programs that all share offender workers: Move & Install, Textiles Services and Federal Surplus. The offenders working in Des Moines are brought into Des Moines daily from the Correctional Release Center in Newton. These offenders are typically very close to release, and they turnover very quickly.

Des Moines' Move & Install team offers manual labor to organizations in central Iowa. While the majority of their projects involve the moving and/or installation of furniture, other jobs have included painting, washing cars, felling trees and scooping snow.

Textiles Services provides laundry services to Iowa State University for laboratory coats. Staff and offenders travel to Ames once a week to deliver and pick up the lab coats from



Offender Training:
Average Trainees: 19
Total Training Hours: 27,741



Neil Grundmeyer, Technician, Jerry Manning, Technician, Clint Schmidt, Manager

several locations on campus. The coats are laundered at the Des Moines shop and then ironed at the Showroom.

The Federal Surplus program offers excess federal property to eligible organizations within the State of Iowa. A variety of items are available through this program such as office furniture, tools and shop equipment, vehicles, construction equipment and many more items.

Des Moines Operations keeps one metric board on-site that encompasses all three work programs. Some goals on the metric board are applicable to all the work areas (jobs completed on time) while some are more concentrated (no rework or damage to property). Because of the high turnover of offenders, the board is managed by the IPI staff. Since the board was installed in April, the need for additional training for the offenders has been realized. Staff is working diligently to ensure that all new offenders that come to Des Moines are properly trained for the work they are performing, which can be a challenge when workloads are heavy and new offenders are on-site frequently.

Des Moines staff, with the assistance of the offenders, is gradually applying 5S organization principles to the buildings. The garage was the first area tackled and finishing touches are still in progress. Work has begun in the office building, which staff is going through room by room until the entire building is done.

FORT MADISON

IPI-Fort Madison opened its doors at the new Iowa State Penitentiary in September 2016, just one month after the Department of Corrections moved offenders to the new prison. The Fort Madison facility includes the Furniture shop, the Rice Hull room and an off-site work program at a local recycling facility.

Wood Furniture

Building out the new Furniture shop from scratch allowed IPI the opportunity to design it as a Lean, state-of-the-art wood furniture operation. The Furniture shop is able to handle a

wide variety of wood furniture projects from single, custom pieces to large orders of cabinets and dorm furniture.

As the result of a one-day Kaizen event in May to review the process of receiving orders through scheduling the orders to the floor, the Furniture Shop now has five zones for metric boards:

- Zone 0: Order Center & CAD
- Zone 1: Cutting, Milling & Upholstery
- Zone 2: Fabrication
- Zone 3: Sanding, Finishing & Restoration
- Zone 4: Tools, Equipment & Maintenance



Tony Ellison, Senior Technician, Aaron Lofthus, Senior Technician, Tommy Seibert, Technician, Shane Blanchard, Senior Technician, Brad Kite, Senior Technician, Jeff Bailey, Supervisor, Seth Essing, Senior Technician, Bryan Koechle, Production Coordinator; Not Shown: Mark McGraw, Technician, Becky Jones, Plant Manager



Craig Ahlen, Senior Technician, Laura Mendez, Administrative Assistant II

The Kaizen event created Zone 0 to allow for better tracking of the metrics specific to this zone such as the number of days it takes to get a new order from receipt to the floor. Boards are reviewed daily in each zone with oversight by an IPI staff member. The shop also has separate visual management boards in the order entry area and in the premium cabinet area; both are used to track the status of orders in-house.



Fort Madison began its Continuous Improvement incentive program in February 2016. The program quickly took off, and offenders have made hundreds of suggestions. To better manage the ideas coming in, a Continuous Improvement board was implemented, and an offender is assigned to manage it.

Using a three-part form, offenders submit their ideas via a submission box; the submissions are sorted by the CI offender daily, numbered, logged on the board, and given to the appropriate IPI staff member for review. The CI offender continuously updates the board and ensures approved ideas are implemented on schedule. Some CI ideas that have been implemented include the updating of incorrect furniture prints, creating a standard procedure for processing a work folder, standardizing all furniture prints, and utilizing three-part forms for the CI program. Many more ideas are in various stages of implementation.



Offender Training:
Average Trainees: 67
Total Training Hours: 134,419



Rice Hull Packaging

New in March 2016, the Rice Hull operation packages rice hulls to be used by train wheel forging companies. The operation's daily quota is to prepare between 4,000 and 5,000 packages of rice hulls to meet their weekly contract of 20,000 to 25,000 bags. PIMS has been helpful in developing standard work procedures for this shop to ensure each package meets the vendor's strict specifications. A daily tracking board serves as a visual aid for all offenders and staff involved in the Rice Hull shop to see where production is at versus the daily goal at any time. The Rice Hull room also utilizes a standard metric board.

MOUNT PLEASANT

Dorm Furniture

IPI's Mount Pleasant facility manufactures dorm furniture for universities and colleges across Iowa. PIMS quickly made an impact on Mount Pleasant's facility and production.

Mount Pleasant has three metric boards: Zone 1- Machining & Receiving, Zone 2 - Sanding & Assembly, and Zone 3 - Finishing & Shipping. The boards are located within each zone during the work day, and offenders note issues on the back of the board as they occur to ensure they are not forgotten by the end of the day. Daily metric board reviews are performed with all three zones together to increase communication and problem solving between zones.



Offender Training:
Average Trainees: 27
Total Training Hours: 51,024

In April, a week long 5S event was held to organize the entire Mount Pleasant facility. The shop now has new location signage, better lighting, less raw materials and equipment, and a slew of other small improvements. The shop now breaks larger orders into weekly batches and receives the raw materials on a weekly basis as well. This change, in combination with the better organization, makes it easy to see any bottlenecks in production by the amount of materials sitting in an area. The shop's 5S practices are audited weekly; if the 5S audits result in too low of scores, countermeasures must be developed to improve the conditions.



Laurie Cochran, Senior Technician, Steve Anderson, Technician, Becky Jones, Plant Manager

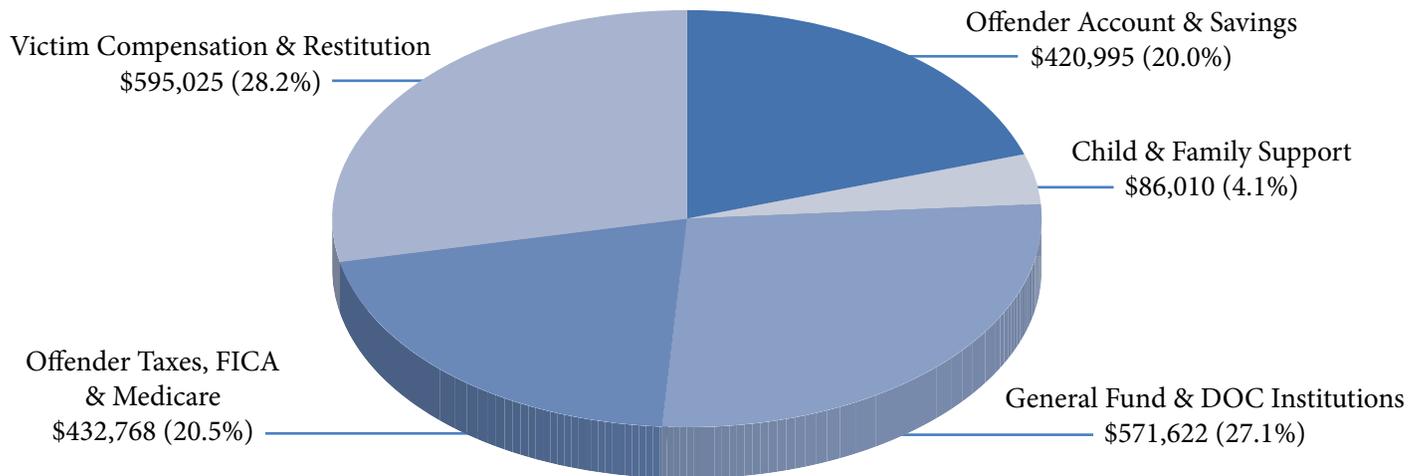
A continuous improvement incentive plan was implemented in June in Mount Pleasant, and staff looks forward to seeing what ideas the offenders submit. The shop will continue to work on developing standard work for all jobs along with cross-training offenders for several positions.

FINANCIALS

Private Sector

	FY2016	FY2015	Increase/(Decrease)
Total Hours Worked	199,982	248,183	(48,201)
Inmates Employed (FTE)	93.7	119.2	(25.5)
Gross Wages	\$2,106,410	\$2,536,361	(\$429,951)
Withholdings for Taxes, FICA & Medicare	432,768	509,374	(76,606)
Court Ordered Child & Family Support	86,010	100,935	(14,925)
Victim Compensation & Restitution Payments	595,025	428,185	166,840
Other Miscellaneous Deductions	0	55,603	(55,603)
Amount Paid to Inmate Account & Savings	420,995	451,603	(30,608)
Returned to Iowa's General Fund & DOC Institutions	571,622	990,661	(419,039)

Wage Disbursement for Private Sector Offenders

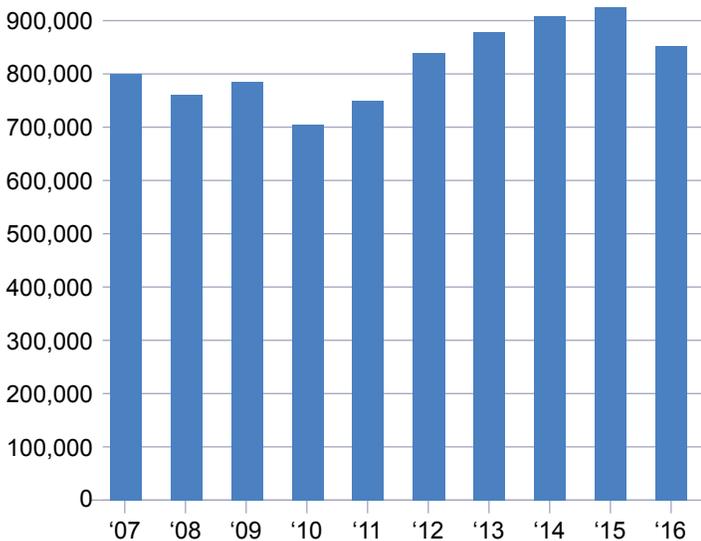


FINANCIALS

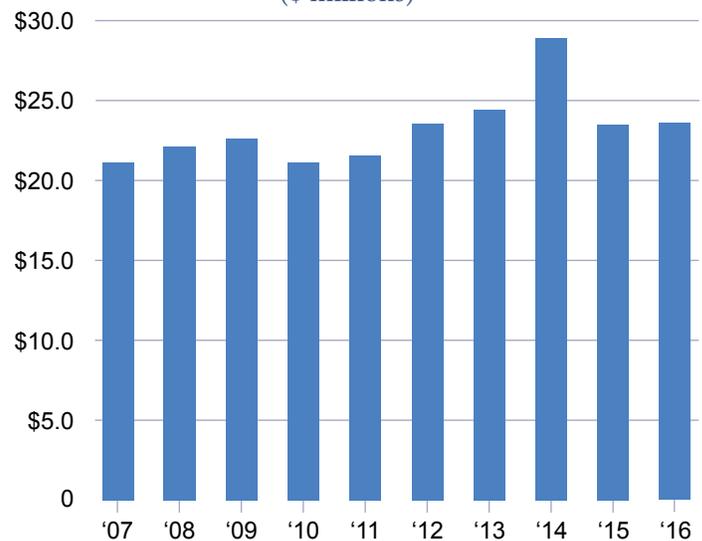
Traditional Industries

	FY2016	FY2015	Increase/(Decrease)
Total Hours Worked	862,592	925,121	(62,529)
Inmates Employed (FTE)	414.7	444.8	(30.1)
Income Statement	FY2016	FY2015	Increase/(Decrease)
Sales	24,441,934	24,172,639	269,295
Costs of Goods Sold	19,212,426	18,562,259	650,167
Gross Profit	5,229,507	5,610,380	(380,873)
Operating Expenses	4,418,620	4,412,478	6,142
Canteen Redistribution	748,013	637,375	110,638
Net Sustainable Income/(Loss)	\$62,874	\$560,527	(\$497,653)

Training Hours for IPI Traditional Industries



Net Sales for IPI Traditional Industries
(\$ millions)



Balance Sheet	FY2016	FY2015	Increase/(Decrease)
ASSETS			
Current Assets			
Cash	6,642,140	4,779,625	1,862,515
Accounts Receivable	2,415,226	3,593,319	(1,178,093)
Inventory	7,387,650	7,651,877	(264,227)
Prepaid Expenses	30,723	38,686	(7,963)
Total Current Assets	16,475,739	16,063,507	412,232
Property, Plant & Equipment			
Land	222,666	222,666	0
Machinery & Equipment	1,888,745	2,067,915	(179,170)
Buildings	6,373,347	6,556,508	(183,161)
Vehicles	271,620	359,278	(87,658)
Total Property, Plant & Equipment	8,756,379	9,206,368	(449,989)
TOTAL ASSETS	\$25,232,118	\$25,269,875	(\$37,757)
LIABILITIES & EQUITY			
Liabilities			
Accounts Payable	1,050,668	1,151,756	(101,088)
Deferred Revenue	0	2,477	(2,477)
Total Current Liabilities	1,050,668	1,154,233	(103,565)
Long Term Liabilities			
Accrued Vacations Payable	549,391	568,965	(19,574)
Accrued Sick Leave/Ret Pay	195,497	172,990	22,507
Total Long Term Liabilities	744,888	741,955	2,933
Total Equity	23,436,561	23,373,687	62,874
TOTAL LIABILITIES & EQUITY	\$25,232,118	\$25,269,875	(\$37,757)

FINANCIALS

Farms

	CY2015	CY2014	Increase/(Decrease)
Total Hours Worked	17,864	21,600	(3736)
Inmates Employed (FTE)	8.96	10.6	(1.64)

Income Statement	CY2015	CY2014	Increase/(Decrease)
Revenues & Gain/Loss on Inventory	2,219,161	2,195,983	23,178
Total Operating Expenses	1,952,174	1,834,584	117,590
Operating Income	266,986	361,398	(94,412)
Other Income/(Expense)	30,336	17,502	12,834
Net Sustainable Income/(Loss)	\$297,322	\$378,901	(\$81,579)

Balance Sheet	CY2015	CY2014	Increase/(Decrease)
ASSETS			
Current Assets			
Cash	1,219,416	1,268,072	(48,656)
Accounts Receivable & Other	1,626,136	1,463,106	163,030
Total Current Assets	2,845,552	2,731,179	114,373
Fixed Assets			
Vehicles & Buildings (net)	722,303	557,333	164,970
Total Mach/Equip/Purch Breeding Stock	701,168	704,366	(3,198)
Total Fixed Assets	1,423,471	1,261,700	161,772
Total Other Assets (Land, PPE, & Other)	661,297	608,416	52,882
TOTAL ASSETS	\$4,930,321	\$4,601,294	\$329,027

LIABILITIES & EQUITY			
Total Current Liabilities	164,523	168,041	(3,518)
Total Long Term Liabilities	83,179	47,956	35,223
Total Liabilities	247,702	215,997	31,705
Total Equity	4,682,619	4,385,297	297,322
TOTAL LIABILITIES & EQUITY	\$4,930,321	\$4,601,294	\$329,027

Products & Services from IPI



Seating

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



Library Furnishings

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



Church Furnishings

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



Desks & Tables

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



Federal Surplus

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



Signs & Decals

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



Parks & Recreation

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



Printing / Graphic Arts

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



School Furnishings

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



Office & School Apparel

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



Residence Furnishings

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



Retirement Gifts / Engraving Services

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



Offender Clothing & Textiles

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



Chemicals & Cleaning Supplies

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



Filing & Storage

File Cabinets, Bookcases, Storage Cabinets, Cabinetry & Countertops



Detention Furnishings

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



Furniture Restoration

Wood Refinishing, Metal Refurbishing, Fabric Reupholstery



Air Filters

Standard & High Capacity Pleated, Polyester Pad, Synthetic Pocket



Plastic Bags

Biodegradable, Recycled Content, Printed, Biohazard, Food Storage



Braille Transcription

Book & Music Transcription, Duplication



Moving & Install

Moving & Installation of Offices, Furniture, Miscellaneous Items

TOTAL SATISFACTION GUARANTEE

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

—Dan Clark, Director IPI

Locations

Rockwell City

North Central Correctional Facility

Traditional Industries:

Welding, Assembly, Painting

Private Sector:

Telemarketing, Trailers, Silk Screening, Truck Service Bodies

Farms: Row Crops

Fort Dodge

Fort Dodge Correctional Facility

Traditional Industries:

Textiles

Clarinda

Clarinda Correctional Facility

Private Sector:

Cargo Trailers

Des Moines

Sales Office: Showroom, Sales, Marketing

Traditional Industries: Federal Surplus, Moving & Installation, Textile Services

Mitchellville

Iowa Correctional Institution For Women

Traditional Industries: Chairs, Upholstery, Modular Systems, Textiles, CD Archiving, Picture Frames, Plastics, Embroidery, Garment Printing
Farms: Row Crops

Newton

Newton Correctional Facility

Traditional Industries:

Canteen

Private Sector: Printing

Farms: Row Crops, Cattle

Anamosa

Anamosa State Penitentiary

Traditional Industries: Metal Furniture, Wood Furniture, Chemicals, Printing, Braille, License Tags, Signs, Filters, Customer Service

Farms: Row Crops, Cattle

Business Office: Purchasing, I/T, Finance

Mount Pleasant

Mount Pleasant Correctional Facility

Traditional Industries: Wood Furniture

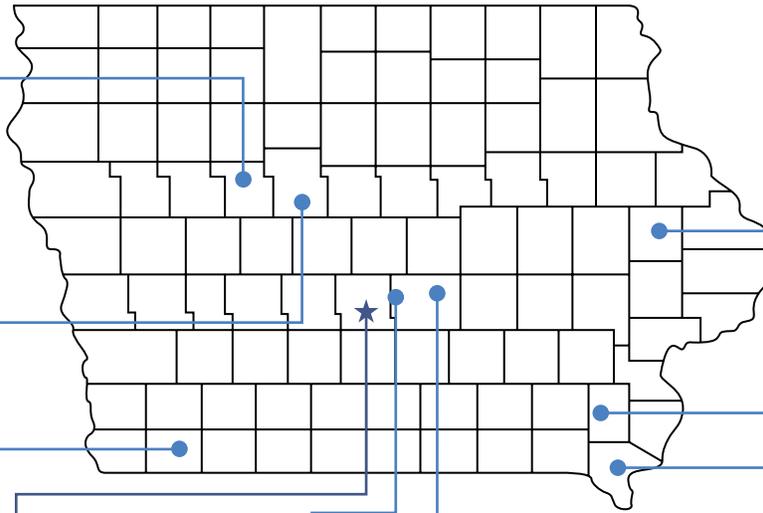
Fort Madison

Iowa State Penitentiary

Traditional Industries:

Wood Furniture, Mattresses

Farms: Row Crops, Cattle, Trees, Garden



Contact Information

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800-670-4537 | Fax: 515-725-8714

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Director of Sales & Marketing

Dennis Barry | 515-249-0694

County, State, and Federal Government

Andrew Gogerty | 515-330-0095

K-12 Education

Scott Klinefelter | 515-669-1954

Churches, City Government, Colleges & Universities, Health Care, Non-Profits

Kevin Peterson | 319-350-8536

DOC/DHS Institutions, Regents Universities, Service Statewide

Customer Service

800-332-7922 | Fax: 800-741-0390

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Deb Mahoney

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Phone: 319-462-3706

Purchasing Office

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Anamosa, IA 52205

Phone: 319-462-3706

Federal Surplus

Move & Install

600 SE 18th Street

Des Moines, IA 50317

Phone: 515-266-6913

IPI Farms

406 N High Street

Anamosa, IA 52205

Phone: 319-462-3504 x7708

IPI Plants

Anamosa: 319-462-3547

Fort Madison: 319-376-4880 x41607

Mitchellville: 515-725-5310

Mount Pleasant: 319-385-1730

Newton: 641-791-9242

Rockwell City: 712-297-7717

Fort Dodge: 515-574-4700 x5014