

## 5420 Prison Industry Authority

The California Prison Industry Authority (CALPIA) is a self-supporting state entity operating California's correctional industries in a manner similar to private industry. The CALPIA is overseen by the Prison Industry Board, which acts much like a corporate board of directors. The Board is composed of 11 members, including the Secretary of the California Department of Corrections and Rehabilitation (CDCR) or his or her designee, the Director of the Department of General Services or his or her designee, the Secretary of California State Transportation Agency or his or her designee, two public members appointed by the Speaker of the Assembly, two public members appointed by the Senate Committee on Rules, and four members appointed by the Governor representing organized labor and industry. The Secretary of the CDCR or his or her designee serves as chair of the Board.

The CALPIA supports the public safety mission of the CDCR by producing well-trained offenders that have a job skill, good work habits, basic education, and job support in the community to reduce the likelihood of returning to prison. The CALPIA work programs also help the CDCR to avoid the cost of alternative inmate programming.

The CALPIA has three statutory objectives: 1) develop and operate manufacturing, agricultural, and service enterprises that provide work opportunities for offenders under the jurisdiction of the CDCR; 2) create and maintain working conditions within enterprises similar to those which prevail in private industry to assure offenders assigned therein the opportunity to work productively to earn funds and to acquire or improve effective work habits and occupational skills; and 3) operate work programs for offenders that are self-supporting through the generation of sufficient funds from the sale of products and services to pay all program expenses, and which provide goods and services to be used by the CDCR, thereby reducing the costs of its operation. The CALPIA receives no annual appropriation from the Legislature.

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### LEGAL CITATIONS AND AUTHORITY

Penal Code, Part 3, Title 1, Chapter 6, Article 1 (Sections 2800-2818).

## 5420 Prison Industry Authority - Continued

### Statements of Revenues, Expenses, and Changes in Net Assets

	2013-14 <u>AUDITED</u>	2014-15 <u>UNAUDITED</u>	2015-16 <u>ANNUAL PLAN</u>
OPERATING REVENUES			
TOTAL OPERATING REVENUES	\$192,642,800	\$207,279,076	\$214,883,606
COST OF GOODS SOLD	146,484,230	151,357,544	167,322,472
GROSS PROFIT	<u>\$46,158,570</u>	<u>\$55,921,532</u>	<u>\$47,561,134</u>
SELLING AND ADMINISTRATIVE EXPENSES	<u>41,639,600</u>	<u>41,118,258</u>	<u>46,242,887</u>
OPERATING INCOME (LOSS)	<u>\$4,518,970</u>	<u>\$14,803,274</u>	<u>\$1,318,247</u>
NON-OPERATING REVENUES (EXPENSES)			
New Enterprise Start-Up Cost	-	-	-718,427
Interest income	168,509	210,176	163,500
Interest expense	-3,168	-18,102	-1,000
Loss from disposal of capital assets	-344,594	-218,297	-366,851
Transfer to State General Fund	-13,000,000	-	-
Other revenue (expenses)	<u>-139,981</u>	<u>-54,591</u>	<u>58,400</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>-\$13,319,234</u>	<u>-\$80,814</u>	<u>-\$864,378</u>
Change in net position	<u>-8,800,264</u>	<u>14,722,460</u>	<u>453,869</u>
NET POSITION AT BEGINNING OF YEAR - AS PREVIOUSLY REPORTED	95,244,942	86,444,678	68,215,479
Cummulative Effect of Change in Accounting Principles	-	-32,951,659	-
Net Position, Beginning of Year - as restated	<u>95,244,942</u>	<u>53,493,019</u>	<u>68,215,479</u>
NET POSITION AT END OF YEAR	<u><b>\$86,444,678</b></u>	<u><b>\$68,215,479</b></u>	<u><b>\$68,669,348</b></u>
NET ASSETS AT END OF YEAR			
Restricted Assets <sup>1</sup>	45,137,731	46,041,249	52,487,988
Unrestricted Assets <sup>2</sup>	<u>41,306,947</u>	<u>22,174,230</u>	<u>16,181,360</u>
Net Assets	<u><b>\$86,444,678</b></u>	<u><b>\$68,215,479</b></u>	<u><b>\$68,669,348</b></u>

<sup>1</sup> Restricted Assets are Net Investments allocated for a specific purpose in Capital Assets and cash or other items of value that are legally or contractually restricted.

<sup>2</sup> Unrestricted Assets are assets that have value and have no restrictions regarding their use or function. This includes cash and other liquid assets.

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\* Dollars in thousands, except in Salary Range. Numbers may not add or match to other statements due to rounding of budget details.