

Iowa Prison Industries

2002/2003 Annual Report

A Program That Works For The Citizens Of Iowa

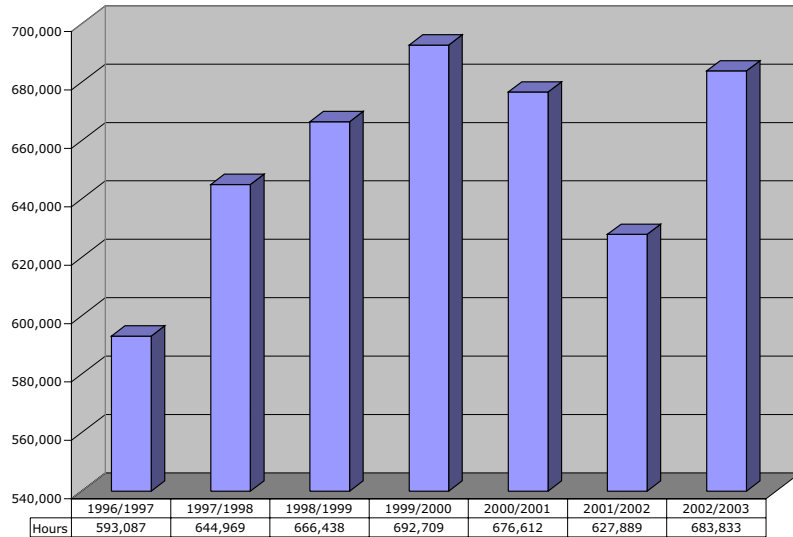


Iowa Prison Industries

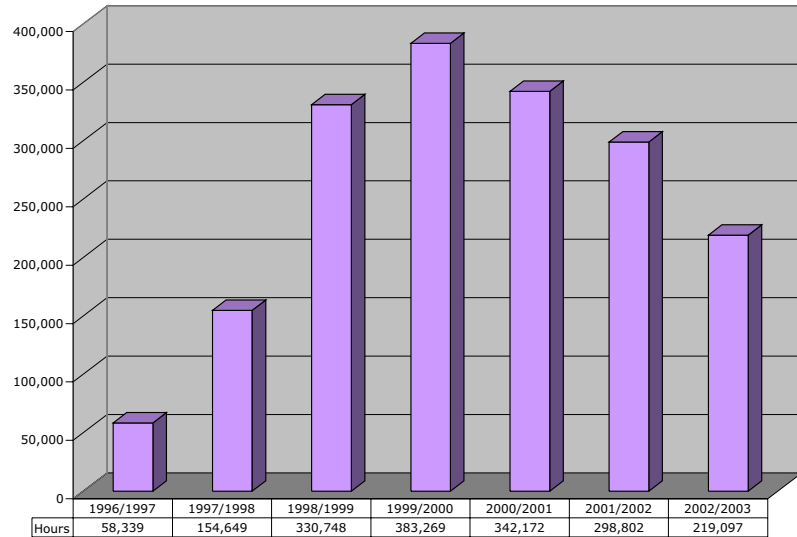
A Division of The Department of Corrections
420 Watson Powell Jr. Way
Des Moines, IA 50309
800-670-4537 • www.iaprisonind.com

IPI Inmate Work History

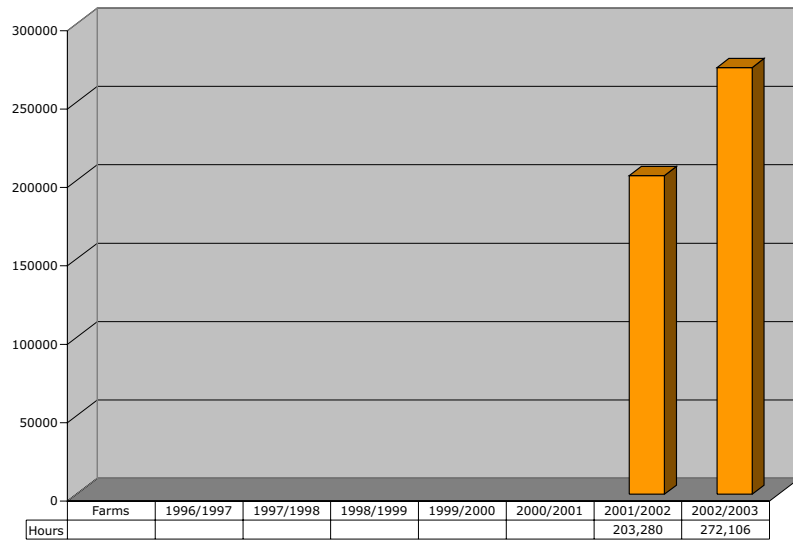
Traditional Industries Hours



Private Sector Hours

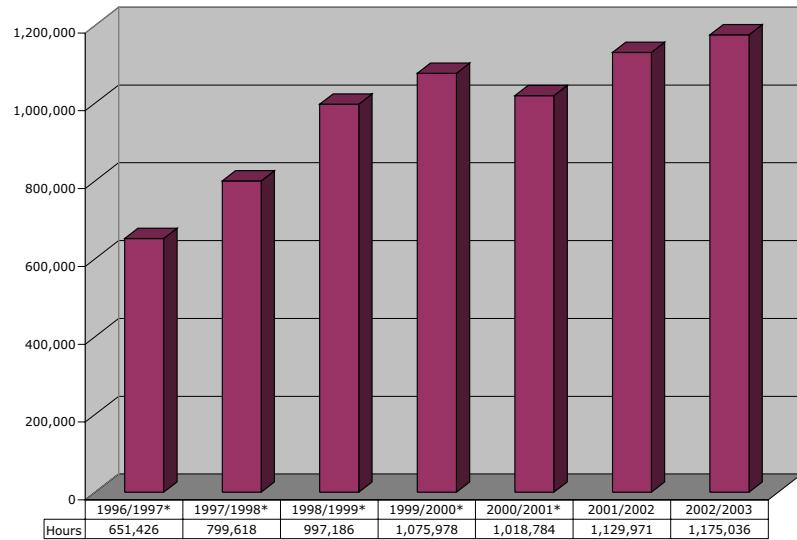


Farms Hours*



*Includes all farm work, DNR & community service.

Total IPI Inmate Hours



*Does not include farm hours.

IPI Mission Statement

To employ staff and inmates who are dedicated to providing:

**87% of IPI
Customers Rated
IPI "Excellent"
in 2003**

Exceptional Service
Reasonable Prices
Quality Products

**1,175,036
Hours of
Inmate Work
in 2003**

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.





IPI installed nearly \$700,000 of school furnishings in four Des Moines Public Schools during the summer of 2003. Shown here is the new library at Brubaker Elementary.

2003 at a Glance:

Civilians Employed:..... 84

Inmate Jobs:

Traditional Industries 555
 Private Sector 150
 Farms 154
Total..... 859

Sales Revenue:

Traditional Industries .. \$15,291,187
 Private Sector \$556,829*
 Farms \$873,891
Total..... **\$15,291,187**

**Pass through to the General Fund*

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Traditional Industries Jobs

As of June 30, 2003

Fort Madison	199
Anamosa	174
Newton	76
Mitchellville	56
Rockwell City	50
Total Industry Jobs ..	555
(40-Hour Work Week Jobs)	

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’s Expectations

IPI provided over 700 jobs throughout Iowa during FY 2002. 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.

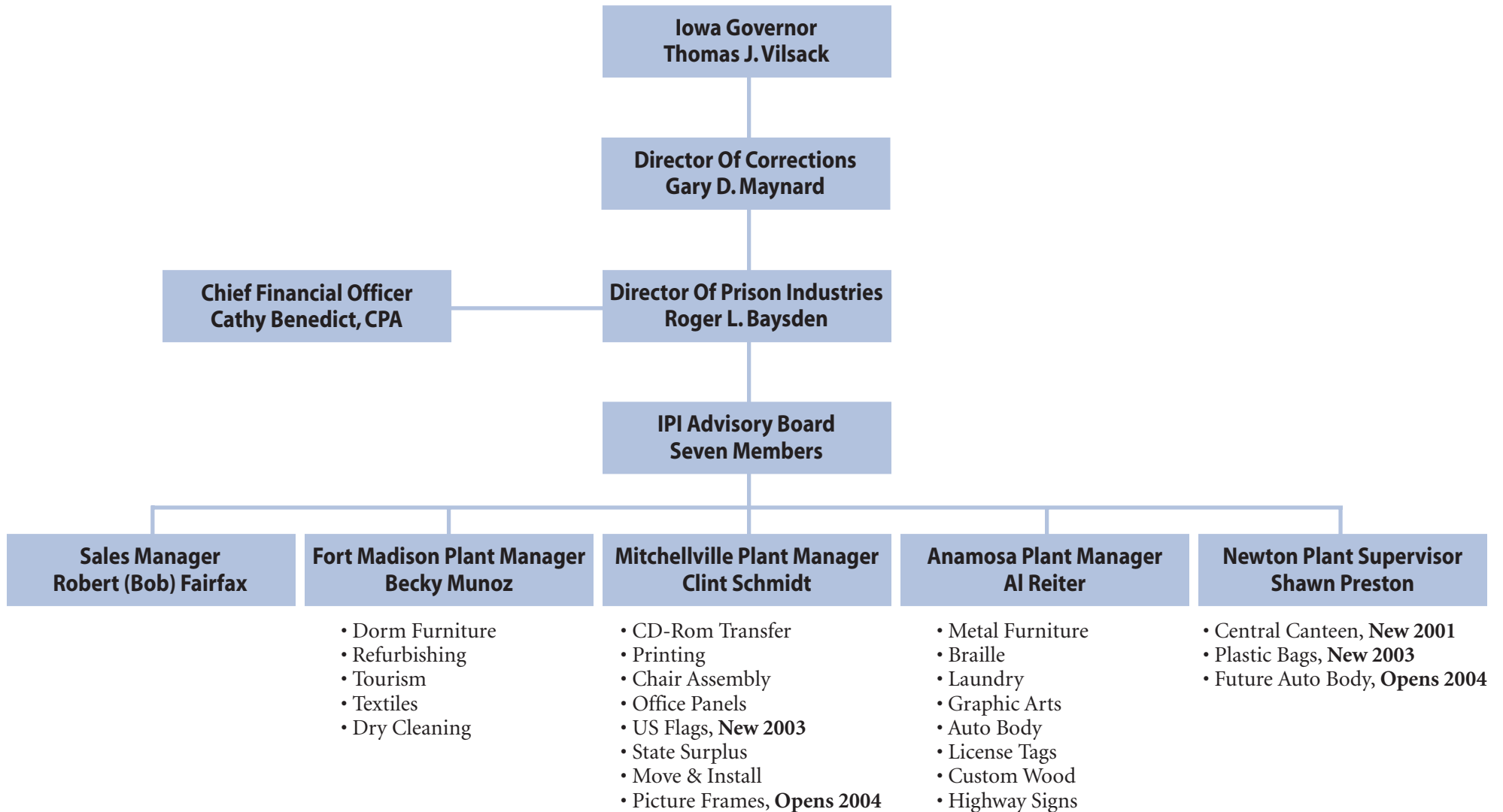
IPI inmates are among the finest craftsmen that can be found in a prison setting as is evidenced by our “Customer Report Card;” reporting over 87% “Excellent” rating on Service, Quality and Pricing.

Inmate Wage Scale:

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



Organizational Chart



IPI Advisory Board

Name	Professional Organization	Year Of Rotation
Mildred Slater*	AFL/CIO-Labor Representative	2005
Michael Peters*	Voc-Tech Education Representative	2003
Pat DeLuhery Director, DGS	Governor's Representative	2005
Dr. A. Douglas Hillman*	Financial Representative	2003
Curtis Jenkins*	Parole Board Representative	2005
Jack High	Manufacturing Representative	2003

***Received Gov. Vilsack's Volunteer of the Year Awards in 2003.**



Legislative Mandates 2003-2004

1. **Mandate:** The state Prison Industries Board and the Department of Corrections shall continue the implementation of a plan to enhance vocational training opportunities within the correctional institutions listed in Section 904.102, as provided in 1993 Iowa Acts, Chapter 171, Section 12. The plan shall provide for increased vocational training opportunities within the correctional institutions, including the possibility of approving community college credit for inmates working in Prison Industries. The Department of Corrections shall provide a report concerning the implementation of the plan to the co-chairpersons and ranking members of the Joint Appropriations Subcommittee on the Justice System and the Legislative Fiscal Bureau, on or before January 15, 2003.

Actions that IPI has taken to ensure compliance: We are pleased to report that this year IPI has expanded our inmate vocational jobs to include a Central Canteen Program. Up to 40 new inmate jobs were created as a result of this self-funding venture. Inmates work a full 2,080 hours per year and learn valuable skills such as shelf stocking, stock ordering, invoice reconciliation, checking, bagging, logistics of order routing and a host of other activities. To ensure proper training, IPI has added 4 new staff that is funded with non-general fund monies. Staff is responsible for training, on-going management and the creation of additional vocational work opportunities. We anticipate that, in view of the dismal financial position of the state, that opportunities in the service sector will create more inmate jobs than the traditional industries has in the past. For example, we are exploring the possibility of plastic bag making. This offers enormous savings to the state and creates jobs in vocations that do not compete with Iowa industries, yet the skill sets learned are very applicable to many manufacturing processes.

2. **Mandate:** Each month the department shall provide a status report regarding private sector employment. The report shall include the number of offenders, hours worked and wage distribution, in accordance with Iowa Code 904.702.

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

3. **Mandate:** IPI is to explore the feasibility of opening an organic farm site and report in December 2003.

Response: IPI has examined the possibilities of opening an Organic Farm and concluded that this is a very worthwhile venture that can provide countless new jobs for offenders in an up-and-coming industry.

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.



Data Entry - Mitchellville Facility

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 84 staff workers in various capacities of inmate management.

Iowa Prison Industries is 100% self-funding.

Benefits of Inmate Work

Iowa Prison Industries is a correctional program designed to serve four inter-related public purposes:

NEWS ALERT: The United State Bureau of Justice has awarded six states funding to conduct an extended Recidivism Study. Iowa is one of the six. The study began in January, 2003, and is intended to determine the actual impact of work training on inmates. We are anxious to get underway and look forward to including the findings in our next two Annual Reports.

- 1. Reduce taxpayers' costs** for operating the State's prison system and other public operations. This is done directly by supplying goods and services to the State prisons. Inmates manufacture beds, clothing, and a great many necessary items that would otherwise be purchased with taxpayer dollars from outside sources. Inmates also supply goods and services required by other public entities such as schools, psychiatric hospitals, and government offices.
- 2. Reduce disruption and violence** by providing prisoners with productive activity. This function serves the ends of control and security but also has economic implications for the taxpayers. The industrial programs are 100 percent self-funding.
- 3. Provide job training** within traditional industries and the private sector to inmates who someday will be released back into society. This is not only a humane obligation of society, but it also saves tax dollars: a man or woman able to earn a living through legal means is less likely to commit future crimes and be returned to prison. Every man or woman who is released and does not return to prison saves approximately \$20,000 per year in prison operating costs and many times more in costs of police and court time, property damage, medical expenses for victims, welfare payments to victims and their dependents, and public assistance when society must maintain the inmate's family while feeding and clothing the inmate in prison.
- 4. Satisfy citizen's expectations** and demands that service of a prison sentence should include a provision for work rather than indulgence in idleness.

Inmate's success upon release depends upon finding work.

Programmatic Benefits Of Correctional Industries

In addition to saving taxpayer dollars directly by supplying many needs of the Department of Correctional Services and other public agencies, IPI also shares two virtues with other forms of traditional inmate programming such as academic and vocational education: like them, industrial production (1) contributes to institution control and security and (2) helps to prepare inmates to obtain lawful employment upon release from prison. These functions also have economic implications for the State's taxpayers.

Good security is impossible without good programs. Good programs include education and recreation but most of all, work. Corrections officials know that a necessary element of work is that it be to a purpose: "make-work" is a contradiction and inmates know that as well as anyone else. Inmates will crush rocks if the result is paving material but the result of crushing for the sake of crushing is likely to be resentment and resistance.

Industrial production is a legitimate use of inmates' time and talents. The business aspect of Prison Industries minimizes featherbedding, imposes deadlines, and assures that quality goes into work, all of which mean, to the worker, that what he or she does matter and is important.

According to a study by the Hindelang Criminal Justice Research Center of the State University of New York at Albany,

"... the analysis of the effect of prison industry participation on institutional behavior found a consistent pattern of lower rates of involvement in officially-recorded disciplinary violations among industry employed inmates. These findings were maintained after other adjustment-relevant characteristics of the inmates were taken into account in the analysis, and were reflected among low, medium, and high infraction risk inmates."



C & C Operation - Fort Madison Facility

Combating Recidivism

Too many inmates commit new crimes after they are released and are then sent back to prison with new sentences. This is costly. Every released inmate who functions productively in society is an asset, not a debit, to Iowa tax payers.

A well administered correctional industries program reduces recidivism. The correctional industries program provides job training and work experience to

inmates, many of who have no meaningful work history prior to incarceration. Supplemented by academic, vocational, and substance abuse treatment programs, productive work at a correctional industry assignment enables inmates to obtain productive employment after their return to their communities. Equipped for the first time with the ability to survive through legal means, it is common sense to think that they will be less likely to resort to criminal activities.

According to Federal Bureau of Prisons studies, every correctional industries program is effective in combating recidivism, i.e., that inmate participants return to prison at lower rates than non-participants.

IPI Staff Awards



South Central Region Sales Manager Of The Year

In June 2003, we were informed that **Bob Fairfax** had been selected Sales Manager of the Year for the South Central Region of the National Correctional Industries Association!

This is the first time that anyone from Iowa has been recognized for their outstanding work by the association. Please join me in congratulating Bob for his dedication and commitment to Excellent Service, Quality Products and Reasonable Price approach to business. Great job Bob!

IPI Plant Manager Of The Year Shared By Clint Schmidt & Al Reiter



Clint Schmidt, Mitchellville for the year. On top of this, Clint now employs over 50 female offenders in his shops and he is supported by an excellent staff and dedicated team of inmates who refuse to lose. Because of Clint's inside staff, he has successfully developed off ground-work programs for over 100 male offenders at various sites such as schools and universities.

Clint Schmidt has been instrumental in proving our female offenders can do anything their male counterparts can do. Mitchellville sales are up 28% and for the first time it will turn a profit



Al Reiter, Anamosa has allowed him to earn the trust of his team and together they have returned Anamosa to the high-flying over-achieving operation that it has a long history for.

Al Reiter, a first-year plant manager, officially took over as plant manager in November 2002 after serving as interim manager since April 2002. Al's unassuming style of leadership

It is said the measure of one's success can be found in the results they have accomplished, in this case Clint and Al have proven their abilities to lead and inspire others.

IPI Traditional Industries

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

IPI provided over 683,000 hours of inmate contact in 2003. (+8.1%)

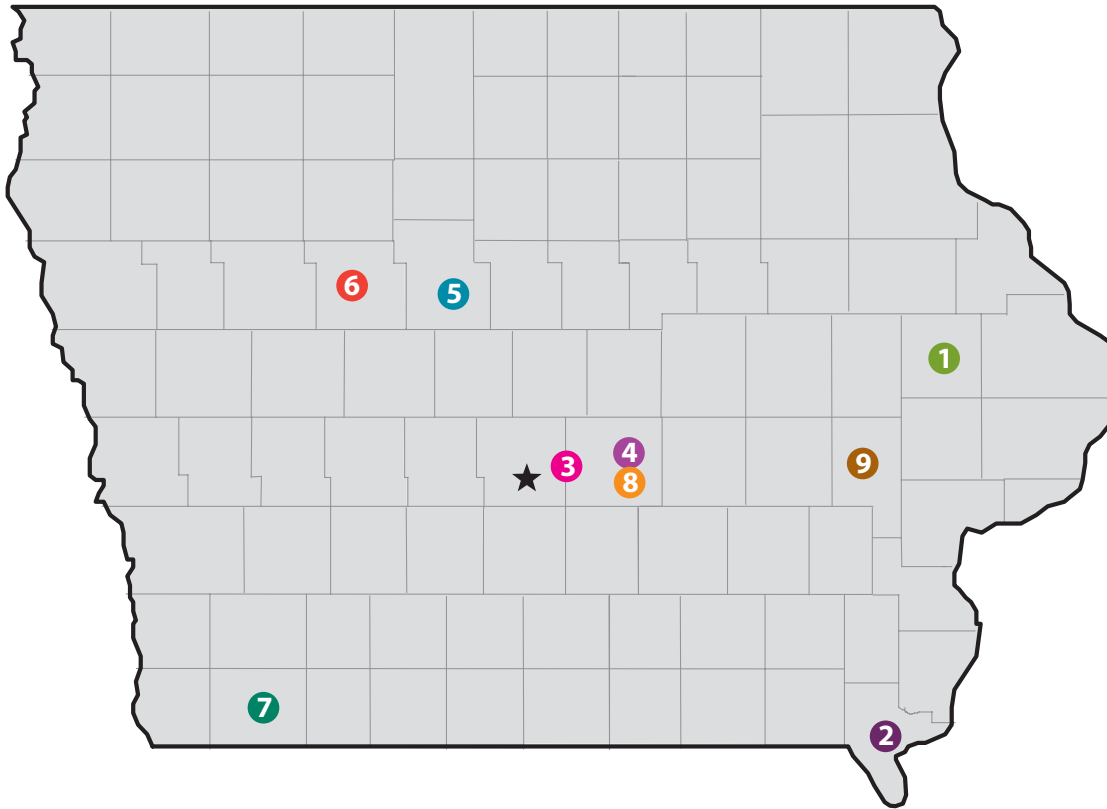
Plant Locations:	Year Opened	2003 Inmates Employed (July)
1) Anamosa	1935	174
2) Fort Madison	1935	199
3) Mitchellville	1999	56
4) Newton	2003	76
5) Rockwell City	2001	50
		555 Total

Traditional Industries employs 6% of the DOC Offenders Population

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 84 full-time staff and operates with a 15% average vacancy rate in order to maintain low prices, thus ensuring our sustainability.
- IPI operates under the guidance of a 7 member Advisory Board.

IPI Plant Locations



Traditional Industries:

- 1 Anamosa - Welding, chemicals, printing, Braille, license tags
- 2 Fort Madison - Dorm furniture, wood products, textiles, tourism, refinishing
- 3 Mitchellville - Chairs, office systems, printing, CD-rom, picture frames
- 4 Newton - Plastic bags, canteen, future body shop

Private Sector:

- 5 Fort Dodge - Pontoon boats, leather gloves
- 6 Rockwell City - Telemarketing
- 7 Clarinda - Cargo trailers
- 8 Newton - Printing, plastic molding
- 9 Oakdale - NO WORK



Iowa Prison Industries Code Section

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.

Central Canteen - Newton Facility; Employs 30-35 Offenders



Iowa Prison Industries Code Section

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.



Welding - Anamosa Facility

Iowa Prison Industries Code Section

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 co-operation 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. **Co-ordinate 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.



Supervisor Tom Stockbridge offers hands-on training;
Wood Furniture Division - Fort Madison Facility

Iowa Prison Industries Code Section

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.**



DHS Project, August 2003

Iowa Prison Industries 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.



Female offender works on digital print job - Mitchellville Facility

Iowa Prison Industries Code Section

904.809-PRIVATE SECTOR EMPLOYMENT (Continued)

4. **Private or nonprofit organizations may subcontract with Iowa State Industries to perform work in Iowa State Industries shops located on the grounds of a state institution.** The execution of the subcontract is subject to the following conditions:
- 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.
 - Iowa State Industries shall negotiate a per unit price which takes into account staff supervision and equipment provided by Iowa State Industries.
5. **a. An inmate of a correctional institution employed pursuant to this section shall surrender to the Department of Corrections the inmate's total earnings less deductions for federal, state, and local taxes, and any other payroll deductions required by law.**
- From the inmate's gross payroll earnings, the following amounts shall be deducted:
 - Twenty percent, to be deposited in the inmate's general account.
 - All required tax deductions, to be collected by the inmate's employer.
 - Five percent, to be deducted for the victim compensation fund created in section 915.94.
 - From the balance remaining after deduction of the amounts under paragraph "b", the following amounts shall be deducted in the following order of priority:
 - 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.
 - Restitution as ordered by the court under chapter 910.
 - 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.



DNR Project at Big Creek

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.

5-Year Business Plan (1999-2003)

Industry Objective Update

Activity:

Results:

- Replace Anamosa Plant Manager Accomplished, Nov 2002.
- Establish a Marketing Department Accomplished, Apr 2003.
- Replace two (2) board members with business people Accomplished, Dec 2002.
- Add at least two (2) new universities/dorms Morningside, UNI, U/I, Ellsworth in 2003.
- Build out at least three (3) new public schools Three (3) new in Des Moines, 2003.
- Expand inter-plant purchases We still need work.
- Realign the sales force Accomplished, Mar 2003. Are now under the S.M.
- Fully implement Global Not achieved. We are at 50% of our goal, but are on pace with our 5-year business plan.
- Convert one (1) farm from rent to state Accomplished, Jun 2003; effective Sept 2003.
- Develop strategies for Organic Farming Plans will be presented to the Legislature in Jan 2004.
- Expand the Central Canteen Not accomplished.
- Develop at least one (1) new industry business Two will come aboard in Oct 2003: Plastic Bags at Newton and Picture Frames at Mitchellville.
- Replace aging over-the-road trucks Accomplished, Mar 2003.
- Ensure IPI is profitable Accomplished, Jun 2003.
- Recognize Plant Award Winners Accomplished, Jun 2003.

IPI Sales Analysis By Month

	FISCAL YEAR				
	02-03	01-02	00-01	99-00	98-99
JULY	2,054,876	1,459,069	1,279,354	981,064	881,973
AUGUST	2,388,478	1,811,343	2,046,423	1,724,421	838,054
SEPTEMBER	1,006,230	1,105,731	1,181,420	1,227,380	917,201
OCTOBER	1,203,198	887,922	946,344	1,177,858	922,575
NOVEMBER	771,141	1,080,678	1,153,653	804,417	720,843
DECEMBER	1,082,734	936,774	878,980	984,311	852,204
JANUARY	1,062,669	914,906	1,053,360	1,101,751	776,889
FEBRUARY	906,847	942,558	762,996	996,217	817,224
MARCH	1,084,397	905,407	740,355	1,228,626	1,134,140
APRIL	1,072,832	1,121,777	914,511	1,052,977	885,978
MAY	1,116,652	952,163	990,306	1,641,053	1,200,394
JUNE	1,541,134	1,430,815	1,626,536	2,167,715	2,426,208
TOTAL SALES	\$15,291,187	\$13,549,142	\$13,574,238	\$15,087,791	\$12,373,683

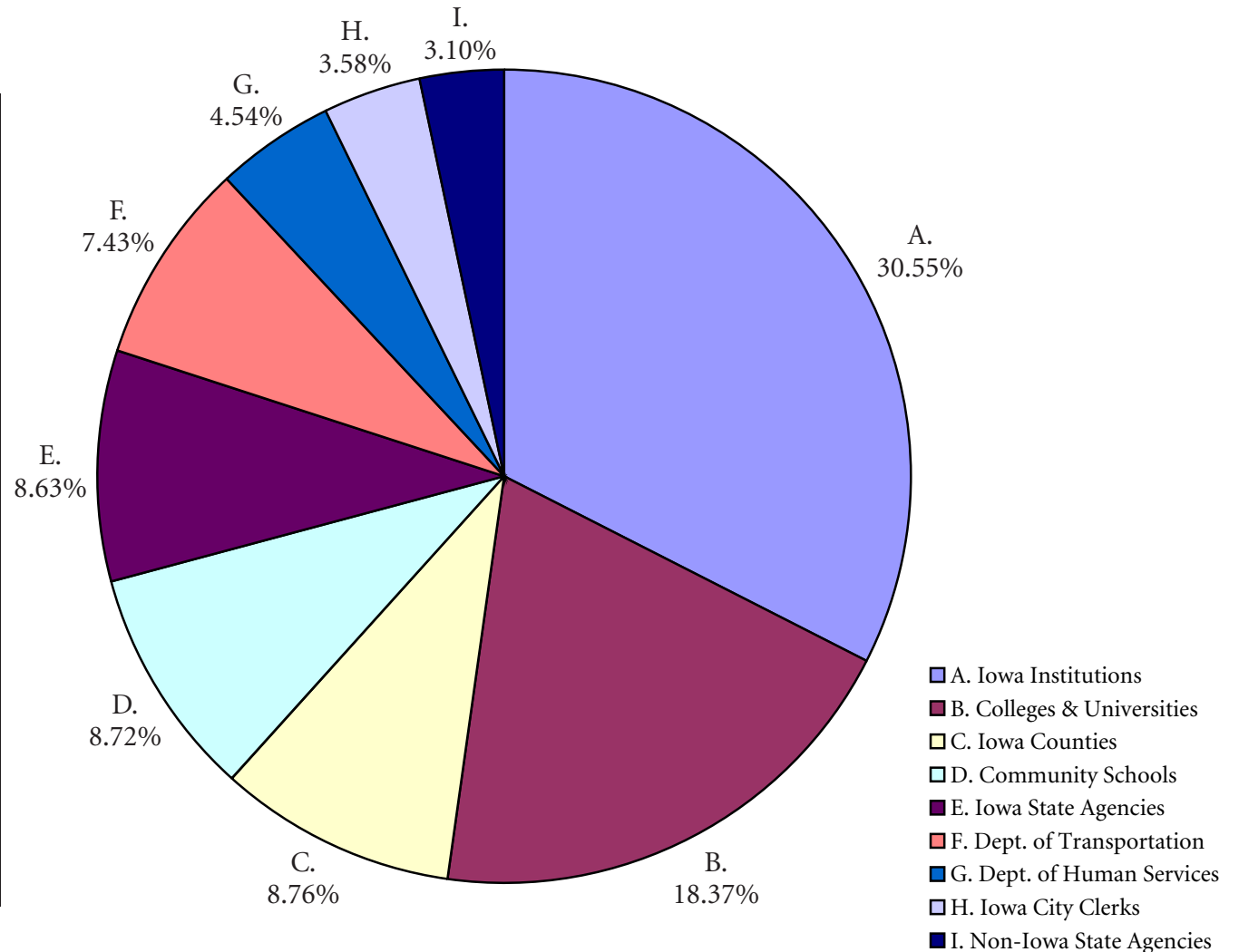
Quick Facts:

- 29% of IPI sales occurred in July and August.
- The Auditor's Report recommends agencies be allowed to encumber funds for IPI purchases at year end.

IPI supports this recommendation and requests legislative action.

IPI Sales By Customer Category Fiscal Year 2002-2003

CUSTOMER CATEGORY	TOTAL DOLLARS
Iowa Institutions	\$4,614,564
Iowa State Agencies	\$1,303,804
Dept. of Human Services	\$686,414
Dept. of Transportation	\$1,122,024
Non-Iowa State Agencies	\$468,701
Iowa Counties	\$1,322,856
Counties Miscellaneous	\$119,516
Minnesota Counties	\$64,070
Iowa City Clerks	\$540,371
Cities Miscellaneous	\$23,289
Minnesota City Clerks	\$22,237
Minnesota Miscellaneous	\$4,043
Colleges & Universities	\$2,774,977
Community Schools	\$1,316,944
Private Schools	\$55,996
Hospitals	\$15,000
Health Care Facilities	\$29,599
Churches	\$15,569
Camps	\$6,344
Child Care Facilities	\$108,197
IPI Employees	\$26,856
State/County/City Employees	\$193,333
Miscellaneous	\$270,573
TOTAL	\$15,105,277

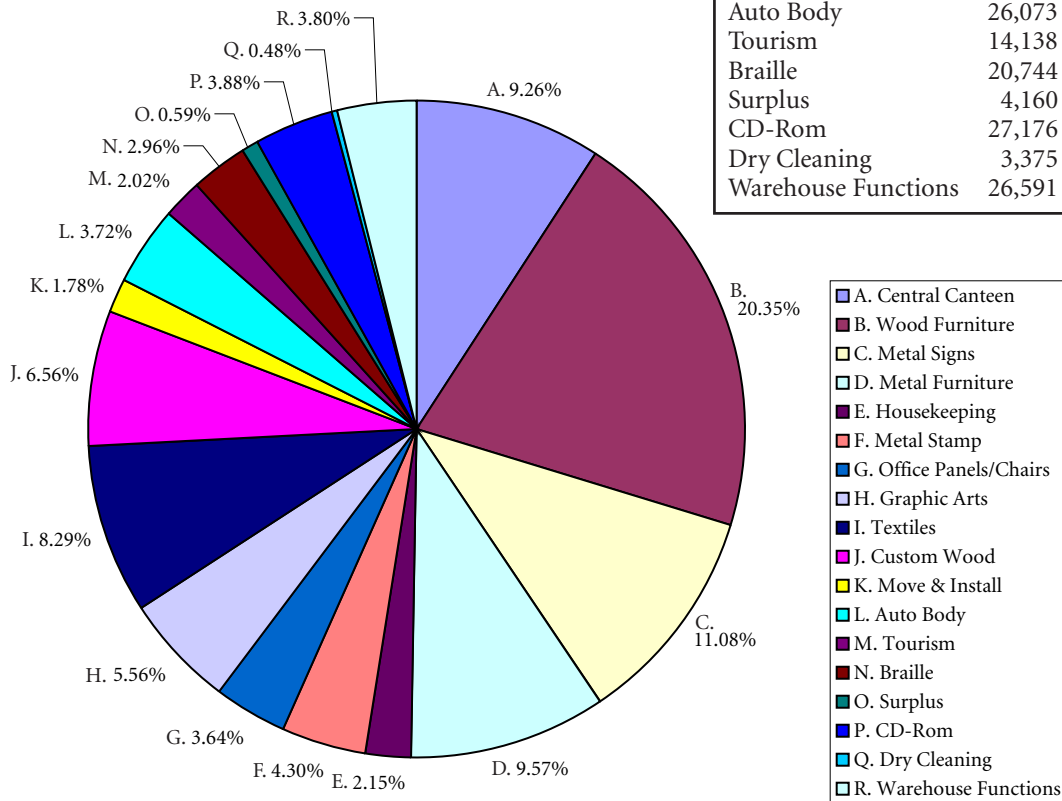


**Top 10 Categories
By Percent Of Total Sales**

IPI Business Trends

Business Unit	-----2003-----			-----2002-----		-----2001-----	
	Inmate Hours	% Of Sales	Sales Rank	% Of Sales	Sales Rank	% Of Sales	Sales Rank
Central Canteen	64,874	16.90%	1	13.90%	3	0.00%	-
Wood Furniture	142,564	16.10%	2	17.40%	1	21.60%	1
Metal Signs	77,598	15.20%	3	17.20%	2	15.70%	2
Metal Furniture	67,005	10.30%	4	8.40%	6	13.40%	3
Housekeeping	15,089	8.30%	5	10.60%	4	10.00%	4
Metal Stamp	30,136	6.90%	6	6.00%	7	7.10%	7
Office Panels/Chairs	25,519	6.90%	7	5.30%	8	9.60%	5
Graphic Arts	38,930	6.60%	8	8.10%	5	9.60%	6
Textiles	58,061	4.00%	9	5.00%	9	5.40%	8
Custom Wood	45,959	2.40%	10	1.80%	11	1.00%	11
Move & Install	12,480	1.60%	11	1.00%	14	0.00%	-
Auto Body	26,073	1.20%	12	0.60%	15	0.00%	-
Tourism	14,138	1.00%	13	1.60%	12	1.90%	9
Braille	20,744	0.50%	14	0.60%	16	0.00%	-
Surplus	4,160	1.00%	15	1.30%	13	1.50%	10
CD-Rom	27,176	2.50%	16	2.50%	10	0.57%	12
Dry Cleaning	3,375	0.20%	17	0.20%	17	0.30%	13
Warehouse Functions	26,591						

Business Units By Percent Of Total Inmate Hours



Financial Statement Summary

FY 2003

	SALES		CHANGE		NET SUSTAINABLE INCOME/(LOSS)		NET SUSTAINABLE INCOME/(LOSS) AFTER CORP PRO-RATE	
	FY 2002-2003	FY 2001-2002	\$	%	FY 2002-2003	FY 2001-2002	FY 2002-2003	FY 2001-2002
ANAMOSA								
Metal Stamping	\$1,061,368	\$821,877	\$239,491	29%	\$190,677	\$196,958	\$103,608	\$104,185
Sign	2,323,014	2,339,743	(16,729)	-1%	256,667	114,903	8,796	(77,834)
Graphic Arts	741,341	772,425	(31,084)	-4%	82,553	129,563	794	48,351
Housekeeping/Laundry	1,276,740	1,444,906	(168,166)	-12%	81,669	122,245	(71,352)	(1,265)
Metal Furniture	1,577,711	1,143,452	434,259	38%	192,740	(169,197)	71,583	(340,785)
Custom Wood	362,572	245,641	116,931	48%	21,210	(40,041)	(4,849)	(52,871)
Braille	80,411	83,150	(2,740)	-3%	21,803	(9,606)	13,034	
Auto Body	187,380	79,213	108,167	137%	(40,529)	(116,410)	(48,927)	
ANAMOSA TOTAL	7,610,535	6,930,406	680,129	10%	806,790	\$228,415	72,687	(320,219)
FT MADISON								
Furniture	2,462,194	2,345,901	116,293	5%	165,946	\$(40,266)	(82,542)	(304,486)
Textile	625,381	677,219	(51,838)	-8%	88,866	157,725	17,111	91,741
Tourism/Call Center	162,170	218,583	(56,413)	-26%	49,229	91,141	26,134	67,314
Drycleaning	28,713	24,807	3,906	16%	21,351	18,962	18,757	16,283
FT MADISON TOTAL	3,278,458	3,266,510	11,948	0%	325,392	227,563	(20,540)	(129,148)
MITCHELLVILLE								
MV Panels & Seating	1,046,306	\$725,119	321,187	44%	(11,217)	(70,571)	(88,036)	(188,864)
Mitchellville Printing	265,216	326,430	(61,214)	-19%	(86,550)	(45,896)	(121,131)	(81,849)
CD Rom	102,355	74,807	27,548	37%	(6,651)	(26,250)	(14,555)	(33,299)
Surplus Property	150,573	163,675	(13,102)	-8%	12,875	49,461	(4,415)	30,850
Moving & Installation	253,247	173,186	80,060	46%	123,193	74,247	104,791	58,879
MITCHELLVILLE TOTAL	1,817,696	\$1,463,216	354,480	24%	31,651	(19,009)	(123,346)	(214,283)
CANTEEN	2,584,498	1,889,012	695,486	37%	171,204	(16,967)	0	(177,981)
SUBTOTAL	\$15,291,186	\$13,549,143	\$1,742,043	13%	\$1,335,036	\$420,002	\$(71,200)	\$(841,631)
					Corp Rev	120,615	190,078	
					Corp Exp	(1,355,647)	(1,595,039)	
					Voc Net			(148,293)
					Cook/Chill		(78,290)	(73,324)
					Canteen	(171,204)	0	
					Redist			
GRAND TOTAL	\$15,291,186	\$13,549,143	\$1,742,043	13%	\$(71,200)	\$(1,063,249)	\$(71,200)	\$(1,063,249)

Financial Facts

FY 2003

	JULY 02	AUG 02	SEPT 02	OCT 02	NOV 02	DEC 02	JAN 03	FEB 03	MAR 03	APR 03	MAY 03	JUNE 03	YTD
CASH ON HAND	\$2,998,042	\$3,017,894	\$4,670,354	\$4,400,136	\$4,288,266	\$4,203,611	\$4,201,557	\$4,128,718	\$3,938,239	\$3,354,851	\$3,329,312	\$2,899,615	
ACCTS REC	1,461,116	2,493,465	1,007,509	878,380	871,424	839,179	925,321	730,903	965,798	996,488	976,420	1,358,480	
ACCTS PAYABLE	168,549	170,188	306,971	286,512	317,085	102,739	283,083	207,632	363,353	189,961	357,364	225,390	
OPEN PURCH ORDERS	244,390	400,074	510,639	315,589	279,318	171,155	304,107	486,716	389,795	621,338	485,435	596,747	
GRAND TOTAL IPI													
Sales	2,054,876	2,388,478	1,006,230	1,203,198	771,140	1,082,734	1,062,669	906,847	1,084,397	1,072,832	1,116,651	1,541,134	15,291,186
Net Profit/(Loss)	391,909	696,098	(37,805)	(31,712)	(285,822)	(123,692)	(105,101)	(191,213)	(50,005)	21,543	(63,453)	(291,947)	(71,201)
As a % Sales	19.07%	29.14%	-3.76%	-2.64%	-37.06%	-11.42%	-9.89%	-21.09%	-4.61%	2.01%	-5.68%	-18.94%	-0.47%
Raw Mat Cost of Goods Sold	1,028,382	1,067,005	542,462	712,738	482,807	645,826	627,591	501,515	550,128	526,321	627,489	826,107	8,138,368
RM CGS as % Sales	50.05%	44.67%	53.91%	59.24%	62.61%	59.65%	59.06%	55.30%	50.73%	49.06%	56.19%	53.60%	53.22%
Corp Admin Salaries	74,490	58,490	50,867	63,669	77,189	57,384	61,455	55,960	55,766	64,828	52,103	43,296	715,497
Sales Rep Salaries	7,436	6,041	6,024	6,073	8,203	6,282	6,926	6,359	6,438	6,585	5,734	8,059	80,160
Rents & Royalties	0	0	2,789	0	0	0	0	72,722	9,992	9,992	29,977	9,992	135,464
ANAMOSA													
Sales	779,537	887,488	534,101	754,301	426,658	526,878	532,885	561,385	622,054	558,777	574,013	852,458	7,610,535
Net Profit/(Loss)	11,629	176,183	34,799	16,455	(120,210)	(27,333)	14,526	(28,602)	50,159	34,597	(28,013)	(61,503)	72,687
As a % Sales	1.49%	19.85%	6.52%	2.18%	-28.17%	-5.19%	2.73%	-5.09%	8.06%	6.19%	-4.88%	-7.21%	0.96%
Raw Mat Cost of Goods Sold	443,050	382,875	262,682	465,410	260,832	278,250	262,715	286,534	307,850	271,139	326,145	419,856	3,967,338
RM CGS as % Sales	56.83%	43.14%	49.18%	61.70%	61.13%	52.81%	49.30%	51.04%	49.49%	48.52%	56.82%	49.25%	52.13%
Factory Labor - Staff	113,016	93,393	74,852	86,581	116,591	80,353	100,575	91,216	81,940	92,641	81,834	119,451	1,132,441
Factory Labor - Inmates	17,446	20,846	14,852	17,115	13,061	11,811	17,583	13,204	13,728	18,587	15,600	22,837	196,670
Shop Supplies	13,407	10,898	7,254	8,945	10,621	11,480	10,301	9,416	13,267	14,844	19,832	15,055	145,320
Loc Admin Salaries	32,930	84,329	18,332	21,790	28,954	22,712	26,276	23,121	22,986	23,390	19,799	20,914	345,533
Whse & Distribution Exp	25,748	19,701	27,222	15,193	37,228	23,125	24,691	23,736	24,054	13,059	15,044	16,638	265,439

Continued on next page

Financial Facts

FY 2003

Continued from previous page

	JULY 02	AUG 02	SEPT 02	OCT 02	NOV 02	DEC 02	JAN 03	FEB 03	MAR 03	APR 03	MAY 03	JUNE 03	YTD
FT MADISON													
Sales	859,453	1,109,441	209,602	166,160	64,432	101,470	111,753	48,122	116,794	84,122	189,847	217,261	3,278,458
Net Profit/(Loss)	371,396	436,611	(2,005)	(38,512)	(129,518)	(87,692)	(61,187)	(141,265)	(71,543)	(94,634)	(42,039)	(160,152)	(20,540)
As a % Sales	43.21%	39.35%	-0.96%	-23.18%	-201.02%	-86.42%	-54.75%	-293.55%	-61.26%	-112.50%	-22.14%	-73.71%	-0.63%
Raw Mat Cost of Goods Sold	293,184	487,664	98,949	68,890	31,851	45,569	28,764	24,609	45,888	31,833	67,488	125,095	1,349,784
RM CGS as % Sales	34.11%	43.96%	47.21%	41.46%	49.43%	44.91%	25.74%	51.14%	39.29%	37.84%	35.55%	57.58%	41.17%
Factory Labor - Staff	68,076	58,544	46,850	51,731	67,152	47,645	52,695	50,037	49,935	53,991	47,923	87,789	682,368
Factory Labor - Inmates	15,264	16,321	11,644	10,033	10,856	10,302	7,944	9,145	10,655	20,770	12,500	13,924	149,357
Shop Supplies	16,421	8,017	18,080	16,556	3,482	7,357	9,567	9,924	8,685	9,646	18,033	10,466	136,233
Loc Admin Salaries	12,702	9,329	9,415	9,376	14,150	11,519	14,491	12,418	12,339	12,592	10,815	16,264	145,408
Whse & Distribution Exp	17,935	14,683	11,727	11,602	17,841	11,850	14,334	10,185	10,448	12,628	10,303	16,512	160,047
MITCHELLVILLE													
Sales	191,576	198,222	65,246	76,957	88,441	207,928	194,560	90,371	102,543	185,534	157,350	258,968	1,817,696
Net Profit/(Loss)	(167)	49,072	(27,316)	(22,386)	(36,869)	4,838	(68,839)	(29,384)	(10,184)	40,899	21,514	(44,526)	(123,348)
As a % Sales	-0.09%	24.76%	-41.87%	-29.09%	-41.69%	2.33%	-35.38%	-32.51%	-9.93%	22.04%	13.67%	-17.19%	-6.79%
Raw Mat Cost of Goods Sold	111,823	74,974	20,491	29,150	36,120	133,889	171,466	34,966	39,497	62,027	61,610	130,358	906,369
RM CGS as % Sales	58.37%	37.82%	31.40%	37.88%	40.84%	64.39%	88.13%	38.69%	38.52%	33.43%	39.15%	50.34%	49.86%
Factory Labor - Staff	37,828	22,551	27,464	25,202	38,562	17,211	33,012	29,469	28,699	24,138	25,283	47,781	357,200
Factory Labor - Inmates	3,063	9,077	5,333	3,062	2,812	2,891	4,690	3,391	3,496	3,183	10,531	15,319	66,847
Shop Supplies	5,279	2,306	2,313	5,096	1,104	3,816	3,538	659	616	5,386	1,642	2,340	34,093
Loc Admin Salaries	9,943	6,091	7,387	7,358	10,232	7,628	8,618	7,727	7,743	7,271	6,539	13,493	100,029
Whse & Distribution Exp	4,225	(2,984)	6,472	906	664	1,379	703	5,736	2,784	741	1,149	3,742	25,515
CANTEEN													
Sales	224,310	193,326	197,281	205,780	191,609	246,459	223,472	206,968	243,005	244,399	195,441	212,447	2,584,498
Net Profit/(Loss)	9,051	34,232	(43,283)	12,731	775	(13,505)	10,399	8,038	(18,437)	40,681	(14,915)	(25,766)	0
As a % Sales	4.04%	17.71%	-21.94%	6.19%	0.40%	-5.48%	4.65%	3.88%	-7.59%	16.65%	-7.63%	-12.13%	0.00%
Cost of Merchandise	180,325	121,492	160,340	149,288	154,004	188,118	164,646	155,406	156,893	161,321	172,246	150,798	1,914,877
CGS as % of Sales	80.39%	62.84%	81.27%	72.55%	80.37%	76.33%	73.68%	75.09%	64.56%	66.01%	88.13%	70.98%	74.09%

Testimonials

November 23rd, 2003

Letters
Dorette
Box 311
Cedar Rapids, IA 52406

Dear Editor:

While I and all the other inmates who work for IPI appreciated the generally positive slant of the story you ran on IPI, there were some areas where I feel you dropped the ball.

While it is true that we sell products to Iowa schools, and agencies we are in no way a competitive threat to companies such as MCM. Just look at the figures, all of IPI has sales of around \$15 million in the last year. MCM does business measured in the hundreds of millions each year. Another point to ponder is that not all of IPI is even in competition with MCM. IPI makes housekeeping supplies, wireless printers, Formafix. We also have a division that converts textbooks into Braille form for blind students. In the area of furniture we make several specialized items that no other company is willing to produce. Certainly I have never heard MCM state that they would be willing to make customized tables for wheelchair bound students. We regularly make these tables to the exact dimensional needs of each students wheelchair. I doubt such a large international company such as MCM could or would do so. There is no real profit in doing so. Also MCM has had chances to enter into partnerships with IPI that would have meant work for its employees. Their corporate dislike has prevented them from doing so. Instead a company based in Wisconsin produces cabinetry that we then powder coat, assemble and ship to customers. Many customers like the fact that we are able to color coordinate and match materials between custom made wooden items and items that are partially made from steel.

There were many factors that you left out. The simple fact that MCM has been tying up the legislature for many years now in an attempt to have IPI closed down. Where this dislike comes from I do not know. Maybe a reporter could look into the source of this dislike and report on it in the near future. They do seem to have an ax to grind, and since our total output goes to less than 1% of theirs it can't really be the competition. Besides we mainly sell only in Iowa they are a company with sales around the world.

Yours Guy Rich #2100664-3
CAD Specialist IPI



Inmate Letter to the Editor endorsing IPI.

“The furniture is not only beautiful, but the quality of workmanship is top rate. These pieces will provide years of pleasurable use. In addition, the cost was very reasonable and you delivered everything on schedule.”

Hon. David H. Sivright, Jr.; 7th Judicial District

THE IOWA DISTRICT COURT
400 NORTH POLK STREET
DES MOINES, IOWA 50319
CLINTON COUNTY COURTHOUSE
420 N. WATSON
DES MOINES, IOWA 50319
PHONE 563-281-1000
FAX 563-281-1001

Hon. Bob
Sivright, District Court Administrator

July 10, 2003

Mr. John G. Hagan
Clerk of Court

Robert T. Fairfax
Iowa Prison Industries
420 Watson Powell Jr. Way
Des Moines, IA 50319

Re: Clinton County Courthouse

Dear Bob:

On behalf of the District Court of Iowa's Seventh Judicial District, the Iowa Bar, the Clinton County Board of Supervisors, and the citizens of Clinton County, thank you for the excellent service in meeting our need for custom oak furniture for the remodeled third floor of the Clinton County Courthouse.

All who have seen the courtroom tables, chairs, jury room tables, desks, credenzas, bookcases, and other furnishings marvel at the way they complement the restored oak woodwork and the judges' benches. Mike O'Brien's work to design pieces that would match the retained antique furnishings was truly inspired.

The furniture is not only beautiful, but the quality of workmanship is top rate. These pieces will provide years of pleasurable use. In addition, the cost was very reasonable and you delivered everything on schedule.

Thanks again. Please feel free to use us as references for potential customers.

Sincerely,

David H. Sivright, Jr.

Judge

COURTESY

Circle Order Address Mailing Size

Testimonials



“It is a great pleasure for me to write this letter of support for the excellent product lines, craftsmanship, and superb service Iowa Prison Industries (IPI) gives to its customers.

...I appreciate the efforts of everyone involved in IPI and look forward to continuing our close working relationship during the district's Schools First capital campaign.”

Dale Vande Haar, MALS, MSE; Des Moines Public Schools

“Please express our sincere appreciation to your metal fabrication managers and staff who trained and worked with offenders to manufacture such high quality products. As a not for profit organization committed to providing substance abuse treatment resources, we are most grateful to make good use of your reasonably priced high quality lockers.”

W. L. Kautzky; Bridges of Iowa, Inc.



Private Sector Employment

- 150 inmates work in private sector, or about 2% of DOC offenders.
- Private Employers may employ inmates in Iowa.
- Private Employers must pay prevailing wages. Inmates earn between \$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 29 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 \$2.8 million in TAXES since 1996.
- Private Sector inmates have paid over \$1.2 million in restitution since 1996.
- Private Sector inmates have paid over \$650,000 in Victims Comp since 1996.
- Private Sector inmates have paid back to the General Fund over \$ 4.5 million dollars since 1996.

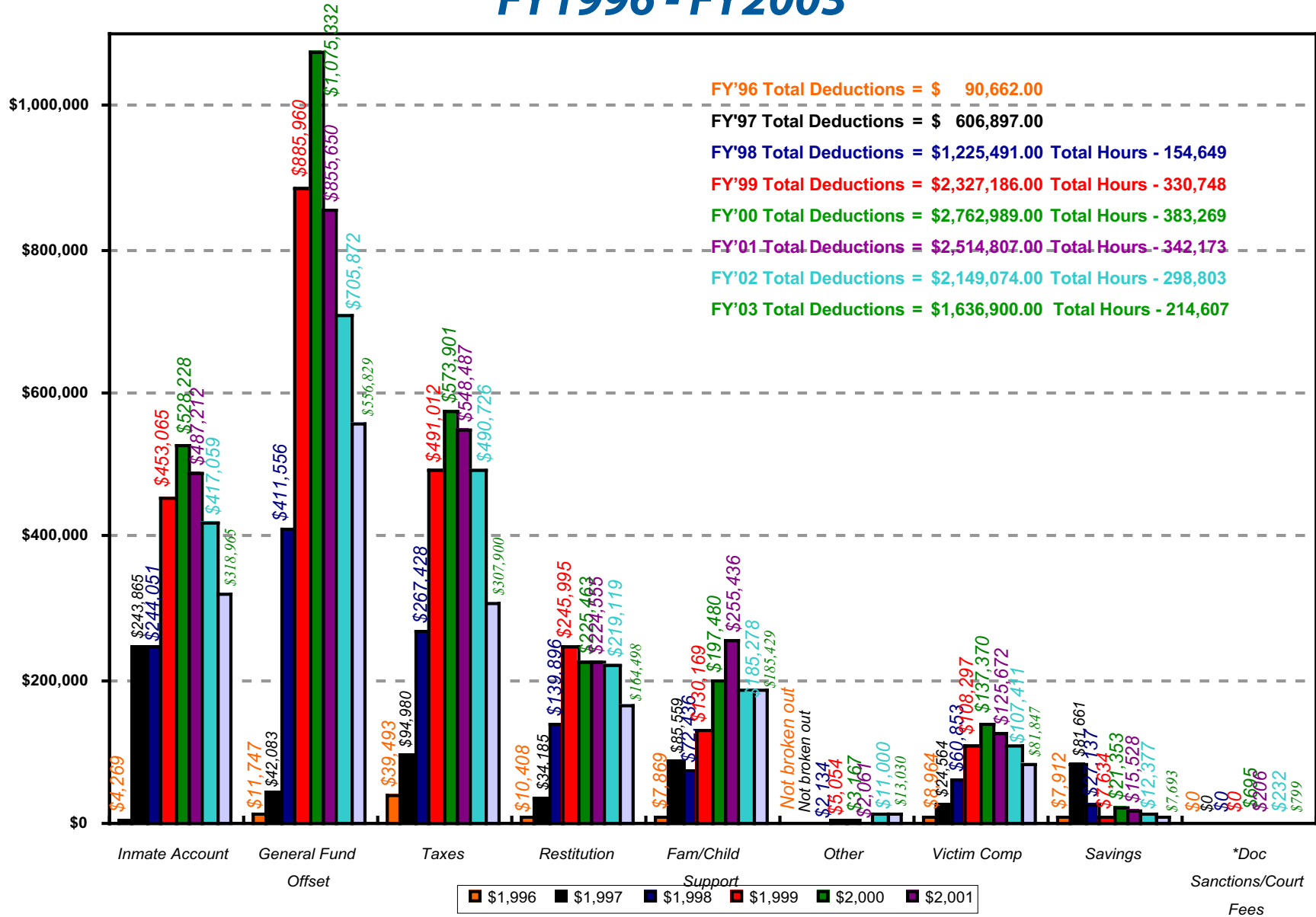
Private Sector provided 219,097 hours of inmate contact work in 2003. (-26%)

Quick Facts:

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

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

Private Sector Deductions FY1996 - FY2003



*New in FY'00

Iowa Prison Industries Code Section

904.706-REVOLVING FARM FUND

A revolving farm fund is created in the state treasury in which the department shall deposit receipts from agricultural products, nursery stock, agricultural land rentals, and the sale of livestock. However, before any agricultural operation is phased out, the department which proposes to discontinue this operation shall notify the Governor, chairpersons and ranking members of the House and Senate Appropriations Committees, and co-chairpersons and ranking members of the subcommittee in the Senate and House of Representatives which has handled the appropriation for this department in the past session of the General Assembly. Before the department sells farmland under the control of the department, the director shall notify the Governor, chairpersons and ranking members of the House and Senate Appropriations Committees, and co-chairpersons and ranking members of the Joint Appropriations Subcommittee that handled the appropriation for the department during the past session of the General Assembly. The department may pay from the fund for the operation, maintenance, and improvement of farms and agricultural or nursery property under the control of the department. A purchase order for five thousand dollars or less payable from the fund is exempt from the general purchasing requirements of chapter 18. Notwithstanding section 8.33, unencumbered or unobligated receipts in the Revolving Farm Fund at the end of a fiscal year shall not revert to the General Fund of the state.

Notwithstanding section 8.36, the department shall annually prepare a financial statement covering the previous calendar year to provide for an accounting of the funds in the Revolving Farm Fund. The financial statement shall be filed with the Legislative Fiscal Bureau on or before February 1 each year.

As used in this section, “department” means the Iowa Department of Corrections and the Iowa Department of Human Services.

The farm operations administrator appointed under section 904.302 shall perform the functions described under section 904.302 for agricultural operations on property of the Iowa Department of Human Services.

The Iowa Department of Human Services shall enter into an agreement under chapter 28D with the Iowa Department of Corrections to implement this section.

In 2006, IPI begins paying taxes on rented ground.

Prison Farms

- IPI operates under a farm/business model.
- IPI inmates earn \$.50 - \$1.00 per hour.
- IPI row crops and livestock are sold on the open market.
- IPI receives NO funding from the legislature.
- IPI receives NO federal funding support.
- IPI, beginning in 2003, pays no property taxes.
- IPI pays union scale wages to staff.
- IPI has maintained a sustainable income continuously since 1996.
- IPI maintains a balance of inmate-farmed locations and rented properties.

IPI Farms provided over 86,400 hours of contact work in 2003. (+7%)

Quick Facts:

Legislative mandate: Explore and report feasibility of organic farms.

- NEW VENTURES scheduled for 2004.
- IPI will open our first purely Organic Farm. It will be located at Fort Madison.
- Organic Farms are labor intensive and more costly to operate than traditional farms. Organic Farms require certification and crop sales are highly dependent upon maintaining chemical free from any foreign contamination.
- This venture is not anticipated to be a profit-generating farm until at least 2007, when we will be eligible to sell our first organic crop.
- Organic Farm # 3 could add as many as 25 new jobs, generating several thousand work hours per year.
- **No funding will be required from the legislature.**

IPI/Farms 2003

Iowa Prison Farms are self-funding and operate without General Fund support. Additionally, as a state-owned operation, we do not qualify for federal offset funds that are available to main street farmers.

Surrounding states have failed to manage their farm operations as effectively as Iowa. Missouri, Minnesota and South Dakota have closed their operations because of continual cash infusions by the legislature. **Since 1996, IPI/Farms has operated on a Business Model.** The Business Model challenged our staff to embrace “for profit farming”. This required a major change in how prison farms were operated. As staff retired, we replaced them sparingly. This directional change has allowed IPI/Farms to excel and to expand our inmate worked farms while other states have failed.

Since 1999, IPI/Farms has realized over a \$600,000 gain in new assets. We believe this is a remarkable accomplishment for any farm operation, especially a cash program.

At IPI/Farms, if we cannot pay cash for something, we don't purchase it. This approach has instilled discipline and, on the down side, has slowed our goal expansion somewhat. We purchase our equipment, construct our buildings, barns, grain bins, and maintain approximately 1 1/2 miles of river dike as well as over 50 miles of fence line. We do this with a staff of 5 people and between 150 and 180 inmates working a full forty-hour week.

IPI/Farms maintain farm staff and inmate workers year round:

Fort Madison actually has two farms (Farm # 1 and Farm # 3, there is no Farm # 2) they are located approximately 12 miles apart. Each has an inmate housing unit on site from which we draw our inmate workers. At Farm # 3, we work cooperatively with the Department of Natural Resources where 40-60 inmates are employed, planting and maintaining a tree farm. Additionally, inmates herd cattle, maintain row crops, cultivate 100 acres of garden space and work in the Greenhouse Operations. Farm # 3 converts to organic in 2004.

Anamosa has three locations of farm ground, all relatively close to each other. We employ inmates to herd cattle, which are butchered and sold to the prison for inmate consumption. Additionally, we maintain row crops of corn, beans and hay as well as an extensive garden.

Newton Farms is our single largest continuous farm operation. It was reopened in 2002 and will become fully operational this year. Newton was closed in 1994 prior to initiating construction on the new prison. Closing a farm before construction is common practice for safety reasons. However, it is costly to open and close farms.

Mitchellville will be our next farm to change from rented ground to state operated. This will likely occur in 2005. Our plans call for the 100 plus acres to be used for row crops only. Staff from the Newton Farm will plant in the spring and harvest in the fall.

IPI/Farms maintains 7,343 acres of land of which 2,612 acres is rented. This rented ground will decrease with the expansion of Newton and the anticipated opening of Mitchellville.

IPI/Farms 2003

Statistics:

- IPI/Farms has increased inmate jobs from 15 in 1996 to 138 in 2003.
- IPI/Farms work hours on farms were 272,106 in 2003.
- IPI/Farms projects 230,000 inmate work hours in 2003-2004.
- IPI/Farms date back to 1870, with the opening of Fort Madison.
- In 1990, prison farms were transferred from DHS and Corrections to IPI for management.
- In 1997, ISU Extension Office partnered with IPI to develop a 5-year business plan.
- In 1997, IPI/Farms presented a Restructured Vision of Farms to the legislature that included expanded gardens, and aggressive expansion of row crop operations to the extent that they could be cash funded. Also, opening a livestock program that encouraged prison purchase for inmate consumption and a vocational program to address butchering.
- 2002, the Newton Farm was reopened.
- 2002, as a result of the newly introduced “Harkin Farm Bill”, IPI has worked closely with county and federal officials to ensure IPI/Farms is positioned for growth.
- 2002, all IPI/Farms have been reclassified on county rolls as “IPI/FARMS, a State-owned operation.
- Crop prices have not kept pace with farm operating costs, (see enclosed farm prices received).
- 2004, IPI will open an organic farm.

Crop Prices Received By Iowa Farmers

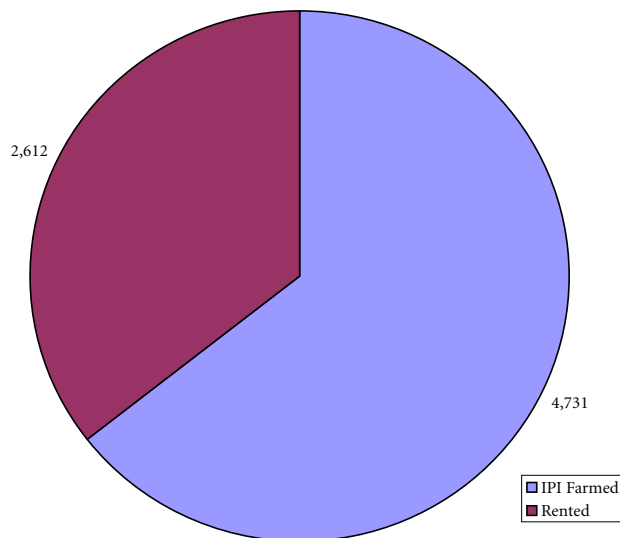
Year	-----Dollars Per Bushel-----				-----Dollars Per Ton-----		
	Corn	Oats	Soybeans	Wheat	All Hay	Alfalfa	Other Hay
1982	2.69	1.59	5.85	3.30	\$53.50	*	*
1983	3.12	1.80	7.78	3.40	\$72.00	*	*
1984	2.51	1.78	5.67	3.26	\$61.50	*	*
1985	2.02	1.27	4.99	2.95	\$46.50	*	*
1986	1.41	1.17	4.73	2.30	\$40.50	*	*
1987	1.89	1.68	5.97	2.75	\$43.00	*	*
1988	2.45	2.85	7.33	3.82	\$75.00	*	*
1989	2.29	1.51	5.62	3.80	\$80.50	\$84.00	\$63.00
1990	2.21	1.14	5.63	2.74	\$63.50	\$66.00	\$49.50
1991	2.30	1.23	5.51	2.40	\$62.00	\$63.50	\$47.00
1992	2.00	1.38	5.54	3.05	\$78.00	\$81.00	\$57.00
1993	2.44	1.45	6.34	2.00	\$90.50	\$94.50	\$65.50
1994	2.22	1.30	5.43	3.15	\$79.00	\$82.00	\$56.30
1995	3.20	1.76	6.65	4.05	\$81.00	\$84.50	\$58.50
1996	2.60	2.10	6.80	4.10	\$95.50	\$99.00	\$70.00

- Corn prices decreased 9¢ per bushel between 1982 and 1996.
- 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.

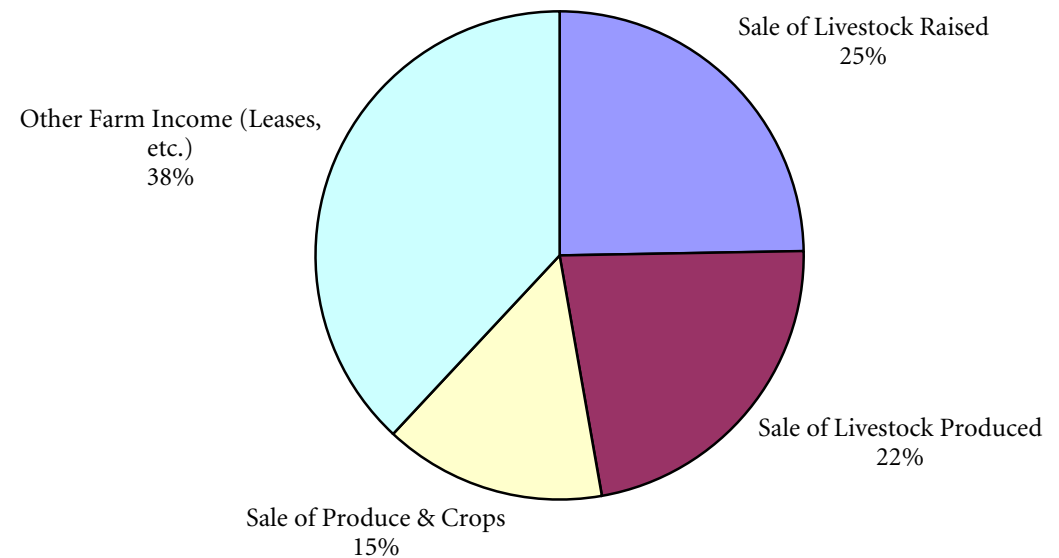
IPI/Farms

	1997	1998	1999	2000	2001	2002	Thru 09/30/03 2003
Farm Sales							
Sale of Livestock Raised	\$326,747.00	\$231,029.00	\$120,799.00	\$127,556.00	\$106,135.00	\$76,797.00	\$176,662.00
Sale of Livestock Produced	\$39,882.00	\$22,612.00	\$200,596.00	\$195,575.00	\$209,629.00	\$273,268.00	\$158,845.00
Sale of Produce & Crops	\$255,991.00	\$190,524.00	\$127,191.00	\$96,305.00	\$155,669.00	\$157,797.00	\$104,943.00
Other Farm Income (Leases, etc.)	\$249,417.00	\$257,240.00	\$323,458.00	\$370,470.00	\$392,952.00	\$366,029.00	\$270,620.00
Total All Farms	\$872,037.00	\$701,405.00	\$772,405.00	\$789,906.00	\$864,385.00	\$873,891.00	\$711,070.00
Inmate Hours	15,636	23,686	14,025	8,695	11,278	16,781	16,266
Profit/Loss	\$(3,337.00)	\$(103,160.00)	\$162,624.00	\$211,400.00	\$134,750.00	\$161,075.00	\$(59,569.00)

IPI/Farms Land



IPI/Farms % Of Revenues



Iowa Prison Industries Can Be Your Dollar Stretcher

Our Mission Is Simple:

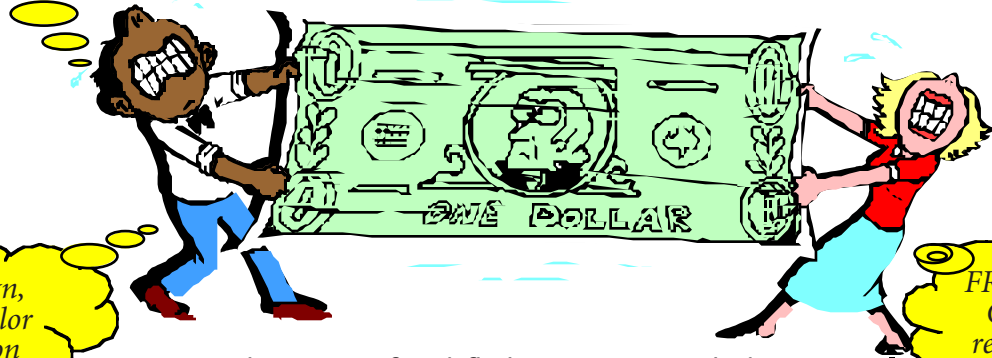
It is to provide High-Quality Products at Reasonable Prices backed by Excellent Customer Service! We are not satisfied until you are.

FREE estimates on furnishings, moving & installation costs

FREE room measurements

FREE design, fabric & color consultation

FREE professional CAD design & recommendation



Join 1,000s of satisfied customers and give Iowa Prison Industries a try. You have nothing to lose and we are so sure you will be pleased with our work, that we back it with a guarantee.

"If you are not 100% satisfied, your money will be refunded, no questions asked."

Iowa Prison Industries Is Your State-Owned Source For:

- Office Furniture
- Office Moves
- School Furnishings
- Residence Furnishings
- Library Furnishings
- Printing
- Refurbishing
- Custom Wood
- Imaging
- Date Entry
- Chemicals & Cleaning Supplies
- Signs & Engraving
- State Surplus
- Plastic Bags *NEW in 2003

Iowa Prison Industries Current Dollar Stretching Customers:

\$ Iowa State University

Over 30,000 pieces since 1999

\$ Grinnell College

New dorm furnishings yearly, 1992 to 2003

\$ Des Moines Public Schools

Eight new facilities in 2002 & 2003

\$ University of Iowa

Two new dorms furnished, summer 2002

\$ Danville Comm Schools

New library furnishings, 2003

\$ Clinton County Courthouse

Remodel/custom wood, summer 2003

\$ St. Francis of Assisi, West Des Moines, IA

New school furnishings, 2002

\$ Univ of Northern IA, Loras College, Ellsworth CC, Morningside College, WIT

New dorm furnishings, 2003

To learn more about how IPI can help you stretch your dollars,
contact the sales office at 800-670-4537 or
visit our website at <http://www.iaprisonind.com/>



Iowa Prison Industries

Division of The Department of Corrections
420 Watson Powell Jr. Way, Des Moines, IA 50309

IPI Staff Serving In The Middle East



Ken Opatz
234th Signal Battalion



Sean Culbertson, MSG
186th Military Police Company



Chad Squires, Sgt.
3D Corps Support Command

Support Our Troops