Date: **May 24, 2011** **Report: 2010-118**

The California State Auditor released the following report today:

California Prison Industry Authority

It Can More Effectively Meet Its Goals of Maximizing Inmate Employment, Reducing Recidivism, and Remaining Self-Sufficient

BACKGROUND

Created to offer inmates the opportunity to develop effective work habits and occupational skills and to reduce the operating costs of the California Department of Corrections and Rehabilitation (Corrections), the California Prison Industry Authority (CALPIA) employs over 5,000 inmates statewide. The inmates produce various products including license plates, furniture, and agricultural commodities; and provide services such as laundry and printing through CALPIA's 25 manufacturing, service, and agricultural enterprises located at 20 of the 33 correctional institutions in the State. CALPIA sells primarily to state agencies with the majority of its revenue—66 percent—coming from Corrections and 10 percent from purchases by the Department of Motor Vehicles. Although state agencies may purchase goods from the private sector that may be available from CALPIA, if cost-beneficial, they must first consider whether CALPIA can meet their needs.

KEY FINDINGS

Our review of the operations of CALPIA revealed the following:

- It lacks the ability to measure the quantity and types of post-release employment that its participants obtain and thus, cannot determine the effectiveness of its programs.
  - ✓ Although its new tracking system contains information about inmate workers' assignments and training, neither it nor a consultant it hired could match employment data from the Employment Development Department with data in the tracking system to determine post-release employment.
  - ✓ Corrections' parole tracking system—CalParole—could provide employment information for parolees; however, we found that it often contained erroneous, inappropriate data. Of nearly 645,000 parolee employment records we reviewed, at least 33,000 contained erroneous data.
- It developed comprehensive performance indicators for fiscal year 2010–11, however, it did not finalize a matrix to track these indicators until March 2011—limiting their usefulness—and, some indicators are not measurable or are vague.
- The recidivism rates for inmates who worked at a CALPIA enterprise are lower than those for Corrections' general-population parolees, but other factors may have contributed to the lower recidivism rates.
- Even though the prices for almost half of CALPIA's products and services that we evaluated were above the average prices for comparable items, its five largest state agency customers saved an estimated $3.1 million during fiscal year 2009–10 by purchasing those products and services from CALPIA.
- Participation in CALPIA's enterprises has declined by 9.3 percent from June 2004 to June 2010: since 2004 CALPIA has closed, deactivated, or reduced the capacity of six existing enterprises at 10 locations.

KEY RECOMMENDATIONS

We made several recommendations to CALPIA to allow it to measure progress in meeting its goals, including that it ensure all its performance indicators are clear, measurable, and consistently tracked, and that it create a process for management to review performance results. We further recommend that it maintain source documentation when performing analyses for establishing product prices and calculating savings it brings to the State. We also made recommendations to Corrections that were aimed at improving the reliability of the employment data contained in CalParole, conducting periodic reviews of the parolee files to verify accuracy, and ensuring certain modifications are made to its new Strategic Offender Management System database before CalParole data is transferred to the new system.