

NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS

(NRS 209.4817)



**Thursday, December 12, 2019
1:30 p.m.**

*Grant Sawyer State Office Building
Room 4412
555 East Washington Avenue
Las Vegas, Nevada*

Videoconference to:

Legislative Building
Room 3137
401 South Carson Street
Carson City, Nevada

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MEETING NOTICE AND AGENDA

Name of Organization: Committee on Industrial Programs
Nevada Revised Statutes [NRS] 209.4817

Date and Time of Meeting: Thursday, December 12, 2019
1:30 p.m.

Place of Meeting: Grant Sawyer State Office Building, Room 4412
555 East Washington Avenue
Las Vegas, Nevada

Note: Some members of the Committee may be attending the meeting and other persons may observe the meeting and provide testimony through a simultaneous videoconference conducted at the following location:

Legislative Building, Room 3137
401 South Carson Street
Carson City, Nevada

If you cannot attend the meeting, you can listen or view it live over the Internet. The address for the Nevada Legislature website is <http://www.leg.state.nv.us>. Click on the link "[Calendar of Meetings/View](#)."

We are pleased to make reasonable accommodations for members of the public with a disability who wish to attend the meeting. If accommodations for the meeting are necessary, please notify the Fiscal Analysis Division of the Legislative Counsel Bureau, in writing, at the Legislative Building, 401 South Carson Street, Carson City, Nevada 89701-4747, or call the Fiscal Analysis Division at (775) 684-6821 as soon as possible.

Please provide the meeting secretary with electronic or written copies of testimony and visual presentations if you wish to have complete versions included as exhibits with the minutes.

Items on this agenda may be taken in a different order than listed. Two or more agenda items may be combined for consideration. An item may be removed from this agenda or discussion relating to an item on this agenda may be delayed at any time.

I. ROLL CALL.

II. PUBLIC COMMENT.

(Because of time considerations, speakers are urged to avoid repetition of comments made by previous speakers. A person may also have comments added to the minutes of the meeting by submitting them in writing either in addition to testifying or in lieu of testifying. Written comments may be submitted in person or by email, facsimile, or mail before, during, or after the meeting.)

<i>For Possible Action</i>	III.	APPROVAL OF MINUTES OF THE MEETING OF THE NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS FOR OCTOBER 11, 2019.
<i>For Possible Action</i>	IV.	STATUS REPORT ON OUTSTANDING DEBT OWED TO PRISON INDUSTRIES.
<i>For Possible Action</i>	V.	REVIEW THE NUMBER OF INMATES THAT WORKED JULY 2016 THROUGH SEPTEMBER 2019.
<i>For Possible Action</i>	VI.	REVIEW THE DEDUCTIONS FROM INMATE WAGES FOR ROOM AND BOARD, THE PRISONS CAPITAL IMPROVEMENT FUND, AND THE VICTIMS OF CRIME FUND – FY 2018, FY 2019, AND FY 2020 YEAR-TO-DATE.
<i>For Possible Action</i>	VII.	REVIEW SILVER STATE INDUSTRIES' FINANCIAL STATEMENTS FOR THE QUARTER ENDING SEPTEMBER 30, 2019.
<i>For Possible Action</i>	VIII.	STATUS OF FUND FOR NEW CONSTRUCTION OF FACILITIES FOR PRISON INDUSTRIES – NRS 209.192.
<i>For Possible Action</i>	IX.	INFORMATION ITEM: DISCUSSION OF STATUS OF APPROVED NEW PRISON INDUSTRY PROGRAM – NRS 209.4818 – Allwire, INC.
	X.	PUBLIC COMMENT. (Because of time considerations, speakers are urged to avoid repetition of comments made by previous speakers. A person may also have comments added to the minutes of the meeting by submitting them in writing either in addition to testifying or in lieu of testifying. Written comments may be submitted in person or by email, facsimile, or mail before, during, or after the meeting.)
	XI.	ADJOURNMENT.

Notice of this meeting was posted in the following Carson City locations: Blasdel Building, 209 East Musser Street; City Hall, 201 North Carson Street; and the Legislative Building, 401 South Carson Street.

Notice of this meeting was posted in the following Las Vegas location: Legislative Counsel Bureau, Las Vegas Office, Grant Sawyer State Office Building, 555 East Washington Avenue.

Notice of this meeting was hand delivered for posting to the following Carson City location: Capitol Press Corps, Basement, Capitol Building, 101 North Carson Street.

Notice of this meeting was faxed or emailed for posting to the following Las Vegas locations: Clark County Government Center, Administrative Services, 500 South Grand Central Parkway; and Capitol Police, Grant Sawyer State Office Building, 555 East Washington Avenue.

Notice of this meeting was posted on the Internet through the Nevada Legislature's website at www.leg.state.nv.us.

Supporting public material provided to Committee members for this meeting may be requested from Kat Therres, Fiscal Secretary, Fiscal Analysis Division, Legislative Counsel Bureau, at (775) 684-6821 and is/will be available at the following locations: Meeting locations and the Nevada Legislature's website at www.leg.state.nv.us

**APPROVAL OF MINUTES OF THE MEETING OF THE NEVADA LEGISLATURE'S
INTERIM FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS
FOR OCTOBER 11, 2019.**

**MINUTES OF THE
NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S
COMMITTEE ON INDUSTRIAL PROGRAMS
(NRS 209.4817)
October 11, 2019**

The first meeting of the 2019-20 Interim for the Nevada Legislature's Interim Finance Committee's Committee on Industrial Programs was held at 1:30 p.m. on Friday, October 11, 2019, in Room 4412 of the Grant Sawyer State Office Building in Las Vegas, Nevada. The meeting was simultaneously videoconferenced to Room 3138 of the Legislative Building in Carson City.

COMMITTEE MEMBERS PRESENT IN LAS VEGAS:

Senator David Parks, Chair
Senator Pete Goicoechea
Assemblywoman Daniele Monroe-Moreno
Assemblyman Glen Leavitt
Harold Wickham, Acting Director, Nevada Department of Corrections
Lisa Levine, Representing Manufacturing
Bruce Aguilera, Representing Business
Randy Soltero, Representing Organized Labor
Beverly Williams, Representing Organized Labor

COMMITTEE MEMBERS PRESENT IN CARSON CITY:

Kevin Doty, Administrator, Purchasing Division, Department of Administration

COMMITTEE MEMBERS ABSENT:

Allen J. Puliz, Representing Manufacturing

STAFF MEMBERS PRESENT IN LAS VEGAS:

Brody Leiser, Senior Program Analyst, Fiscal Analysis Division

STAFF MEMBERS PRESENT IN CARSON CITY:

Alex Haartz, Principal Deputy Fiscal Analyst, Fiscal Analysis Division
Nick Anthony, Senior Principal Deputy Legislative Counsel, Legal Division
Kat Therres, Secretary, Fiscal Analysis Division

OTHERS PRESENT IN LAS VEGAS:

Diane Dastal, Administrative Services Officer II, Nevada Department of Corrections
Bill Quenga, Deputy Director, Industrial Programs, Nevada Department of Corrections

OTHERS PRESENT IN CARSON CITY:

None

EXHIBITS:

Exhibit A: Agenda, Meeting Packet and Meeting Material
Exhibit B: Impact Studies for New Industry – Allwire, Inc.

I. ROLL CALL.

Brody Leiser, Senior Program Analyst, Legislative Counsel Bureau, Fiscal Division, called the meeting of the Nevada Legislature's Interim Finance Committee's Committee on Industrial Programs (Committee) to order at 1:30 p.m. The secretary called roll. All members were present except for Mr. Puliz, who was excused. Mr. Leiser stated that there was a quorum for the meeting.

II. PUBLIC COMMENT.

There was no public comment.

III. SELECTION OF CHAIR AND VICE CHAIR – NRS 209.4817.

Mr. Leiser directed the Committee to *Nevada Revised Statute* (NRS) 209.4817, Tab III (Exhibit A). The NRS section described the composition of the Committee and indicated that traditionally the chair was selected from the legislative members of the Committee. Although, not required by statute, it has been a prior practice of the Committee to select a vice chair in addition to the chair.

The regular members of the Committee on Industrial Programs were appointed by the members of the Interim Finance Committee (IFC) at its August 15, 2019, meeting. The Committee members consisted of Senator David Parks, Senator Pete Goicoechea, Assemblywoman Daniele Monroe-Moreno, Assemblyman Glen Leavitt, Bruce Aguilera, Allen Puliz, Randy Soltero, Beverly Williams and Lisa Levine. He added that Harold Wickham, Acting Director, Nevada Department of Corrections, and Kevin Doty, Administrator, Purchasing Division, Department of Administration were standing members of the committee by virtue of the positions they hold.

Mr. Leiser accepted nominations for chair of the Interim Finance Committee's Committee on Industrial Programs.

Chair Parks advised that in previous years the Committee alternated between the two houses and nominated Assemblywoman Daniele Monroe-Moreno for chair of the Committee.

CHAIR PARKS MOVED TO APPROVE ASSEMBLYWOMAN
MONROE-MORENO AS CHAIR OF NEVADA LEGISLATURE'S INTERIM
FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS.

SENATOR GOICOECHEA SECONDED THE MOTION. THE MOTION
CARRIED UNANIMOUSLY.

Mr. Leiser turned the gavel over to Chair Monroe-Moreno.

Chair Monroe-Moreno requested a motion to nominate a vice chair for the Committee.

SENATOR GOICOECHEA MOVED TO APPROVE SENATOR PARKS AS VICE CHAIR OF NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS.

MR. AQUILERA SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

Chair Monroe-Moreno asked the Committee members to introduce themselves.

Harold Wickham, Acting Director, Nevada Department of Corrections, stated that he was pleased to be serving on the Committee.

Randy Soltero stated that he represented organized labor and has served on the Committee for approximately eight years. He was pleased to be serving again and believed the work of the Committee was important.

Assemblyman Leavitt, Senate District 23, Clark County, said it was his first time serving on the Committee.

Chair Monroe-Moreno, Assembly District 1, said it was her second appointment to the Committee. She expressed her excitement to be serving on the Committee again.

Senator Parks, Senate District 7, the southeast part of the Las Vegas Valley, stated that he has served on the Committee for over 20 years.

Senator Goicoechea, Senate District 19, stated that his district served the eastern half of the state and a portion of rural Clark County. He looked forward to working with the Committee.

Beverly Williams, Teamsters Union Local 986, stated she represented organized labor. She was honored to be a part of the Committee and looked forward to working on the important issues.

Bruce Aguilera, MGM Resorts, representing business, stated he has served on the Committee for over seven years.

Lisa Levine, Director of Government Relations, International Gaming Technology (IGT), stated that it was her first time serving on the Committee. She added that she was interested in serving on the Committee because IGT had an international manufacturing facility, which employed approximately 2,000 people in Northern Nevada, with the gaming headquarters in Southern Nevada.

Kevin Doty, Administrator, Nevada State Purchasing, said he was happy to serve on the Committee.

Chair Monroe-Moreno welcomed staff attending the meeting in Carson City.

IV. APPOINTMENT OF ALTERNATE MEMBERS OF COMMITTEE ON INDUSTRIAL PROGRAMS – NRS 209.4817.

Chair Monroe-Moreno asked Mr. Leiser to discuss the next agenda item, the appointment of alternate members to the Committee.

Mr. Leiser explained that Agenda Item IV, page 7 (Exhibit A) contained NRS 209.4817, which provided for the appointment of alternate members to serve a two-year term at the discretion of the Committee. The chair of the Committee may appoint nine alternate members to serve in the place of regular members who were unable to attend a meeting or perform their duties.

Chair Monroe-Moreno stated that due to the busy schedules of members alternates would be appointed at the meeting.

Mr. Leiser clarified the statute required that alternate members must serve in a similar industry as the non-legislative members. He noted that Ms. Levine provided an alternate; however, the alternate did not appear to represent manufacturing. He reiterated statute indicated the chair of the Committee may appoint nine alternate members to serve in the place of regular members who were unable to attend a meeting or perform their duties. He added if any members had names of alternates they wanted to appoint it could be considered at today's meeting. Mr. Leiser believed alternates could not be elected after today's meeting.

Senator Parks nominated Robert Conway as an alternate to represent organized labor for either Beverly Williams or Randy Soltero. He noted that Mr. Conway had previously served on the Committee as an alternate.

CHAIR MONROE-MORENO MOVED TO APPROVE MR. CONWAY AS AN ALTERNATE MEMBER ON NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS FOR MS. WILLIAMS OR MR. SOLTERO.

MS. WILLIAMS SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

Mr. Wickham asked if it was appropriate to nominate himself as an alternate once a permanent Director of Nevada Department of Corrections (DOC) was hired.

Mr. Leiser confirmed that statute only allowed for alternates of the legislative members and the members representing manufacturing, business and organized labor. Statute does not allow for alternates for the Director of the DOC, or for the Administrator of the Purchasing Division.

Chair Monroe-Moreno asked if the IFC made appointments of alternates for the legislators, and Mr. Leiser replied that IFC did not appoint alternates for the legislators on the Committee.

Assemblyman Leavitt nominated Assemblyman Gregory Hafen as his alternate.

ASSEMBLYMAN LEAVITT MOVED TO APPROVE ASSEMBLYMAN HAFEN AS AN ALTERNATE MEMBER FOR ASSEMBLYMAN LEAVITT FOR NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS.

SENATOR GOICOECHEA SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

Chair Monroe-Moreno nominated Assemblyman Alexander Assefa as her alternate.

CHAIR MONROE-MORENO MOVED TO APPROVE ASSEMBLYMAN ASSEFA AS AN ALTERNATE MEMBER FOR CHAIR MONROE-MORENO FOR NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS.

ASSEMBLYMAN LEAVITT SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

Senator Goicoechea nominated Senator Scott Hammond as his alternate. He noted that Senator Hammond lived in Southern Nevada, which was close to his district and he was familiar with the issues in his county.

CHAIR MONROE-MORENO MOVED TO APPROVE SENATOR HAMMOND AS AN ALTERNATE MEMBER FOR SENATOR GOICOECHEA FOR NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS.

ASSEMBLYMAN LEAVITT SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

Senator Parks nominated Senator Joyce Woodhouse as his alternate.

CHAIR MONROE-MORENO MOVED TO APPROVE SENATOR WOODHOUSE AS AN ALTERNATE MEMBER FOR SENATOR PARKS FOR NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS.

SENATOR GOICOECHEA SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

Senator Goicoechea noted for the record that he has not asked Senator Hammond to be his alternate.

Chair Monroe-Moreno asked if there were any other nominations for alternates from the members.

V. APPROVAL OF MINUTES OF THE MEETING OF THE NEVADA LEGISLATURE'S INTERIM COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS FOR SEPTEMBER 21, 2018.

Chair Monroe-Moreno requested a motion for approval of the minutes from the September 21, 2018, meeting of the Committee on Industrial Programs meeting, page 9, (Exhibit A).

SENATOR GOICOECHEA MOVED TO APPROVE THE MINUTES OF THE SEPTEMBER 21, 2018, MEETING FOR THE COMMITTEE ON INDUSTRIAL PROGRAMS.

ASSEMBLYMAN LEAVITT SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

VI. APPROVAL OF MINUTES OF THE MEETING OF THE NEVADA LEGISLATURE'S INTERIM COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS FOR DECEMBER 14, 2018.

Chair Monroe-Moreno requested a motion for approval of the minutes from the December 14, 2018, meeting of the Committee on Industrial Programs, page 27, (Exhibit A).

ASSEMBLYMAN LEAVITT MOVED TO APPROVE THE MINUTES OF THE DECEMBER 14, 2018, MEETING FOR THE COMMITTEE ON INDUSTRIAL PROGRAMS.

MR. SOLTERO SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

VII. OVERVIEW OF THE COMMITTEE ON INDUSTRIAL PROGRAM'S STATUTORY AUTHORITY AND DUTIES.

Nick Anthony, Legal Division, Legislative Counsel Bureau, expressed his pleasure to serve as legal counsel to the Committee. He directed the Committee to Tab VII, page 35 (Exhibit A), Overview of Relevant Constitutional and Statutory Provisions. Mr. Anthony explained that the Committee was a statutory body created in Chapter 209 of the NRS 209.461. He noted the "Board" is the Board of State Prison Commissioners created by Art. 5 § 21 of the Nevada Constitution consisting of the Governor, the Attorney General and the Secretary of State. To the extent provided by law, the Board was charged with supervising the operation of the state prison system. The "Committee" was the Committee on Industrial Programs. "Department" is the Department of Corrections (DOC). The Committee on Industrial Programs was created by statute and has been in existence since approximately 2001.

Continuing, Mr. Anthony said the Director of DOC, was generally required to ensure that offenders spend 40 hours per week in vocational training or employment and to employ persons to supervise and instruct the offenders. The Director must also provide space and equipment for manufacturing and services and contract with public agencies and private employers for the employment of offenders and the sale of any goods manufactured by the prisoners. He stated that any such program must employ as many offenders as possible, generate income to offset or reduce the cost of incarceration, must not have a significant effect on the number of jobs available to residents of Nevada and must provide occupational training for offenders. In addition, offenders could not participate in telemarketing, the conduct of opinion polls or have access to the personal information of persons who were not incarcerated.

Mr. Anthony explained that the operation of all the PI programs, in aggregate, must produce a profit for the Department. If a "state-sponsored program" (one not involving a contract of employment with a private employer) loses money for two consecutive fiscal years, the Director must explain the reasons for the loss to the Committee and provide a plan to generate a profit in the following fiscal year. If the program still does not generate a profit, the Director must "take appropriate steps to resolve the issue."

With the approval of the Board, the Director may lease space and facilities within institutions of the Department to private employers to be used for prison industries programs. As a prerequisite to any contract with a private employer for the employment of offenders, the Director must obtain from the employer a personal guarantee, bond or other form of surety to ensure the employer's performance of its obligations under the contract. Senate Bill No. 30 (2019) revises the amount of a personal guarantee or surety bond obtained by the Director to not less than 25 percent of the prorated annual amount of the contract, but not more than 100 percent of the prorated annual amount of the contract for a contract that does not relate to construction; and maintains the requirement in existing law of a personal guarantee or surety bond of not less than 100 percent of the prorated annual amount of the contract for a contract that relates to construction. The bill

additionally requires the Director to appear before the Committee to explain the amount fixed for any personal guarantee or surety bond.

Mr. Anthony indicated the Director was required to report to the Committee on the potential impact of any new program on private employers and labor in Nevada. The report must include information about the number of private companies in Nevada currently providing the product or service in question, the number of persons living in Nevada who were employed by those companies, the number of offenders who would be employed in the new program, and the skills that they would acquire. The Director must seek this information from the Department of Employment, Training and Rehabilitation (DETR), the Department of Business and Industry (B&I), the Governor's Office of Economic Development (GOED) and representatives of organized labor.

The Committee is required to: (1) remain informed on issues and developments relating to PI programs; (2) submit a report to the IFC semiannually on the status of current and proposed prison industries programs; (3) report to the Legislature on any other matter involving PI programs, as the Committee deems appropriate; (4) meet at least quarterly and at the call of the chair to review the operation of current and proposed PI programs; (5) whenever a vacancy exists, recommend three persons to the Director for appointment as Deputy Director for Industrial Programs; (6) review any proposed new prison industries program for compliance with the statutory requirements governing such programs; and (7) review each "state-sponsored" PI program (a program not involving a private employer) to determine whether the program was operating at a profit.

Mr. Anthony pointed out that the complete Overview of the Committee on Industrial Programs Statutory Authority and Duties was located behind Tab VII, page 35 (Exhibit A).

Chair Monroe-Moreno thanked Mr. Anthony for his testimony.

VIII. STATUS REPORT ON OUTSTANDING DEBT OWED TO PRISON INDUSTRIES.

Ms. Dastal, Administrative Services Officer II, Nevada Department of Corrections (DOC), directed the Committee to review the Status Report on Outstanding Debt Owed to Prison Industries (PI), Tab VIII, page 47 (Exhibit A). The balance of \$701,118 was owed to Prison Industries as of the end of June 30, 2019. The largest balances outstanding on the aging report were noted with an asterisk and made up the top ten accounts with balances due and owed \$470,654, or 67 percent of the total receivables due. Three of the top ten accounts were private customers that had continued business with PI. The other private customers do not have contracts; however, those customers always paid their invoices promptly. Six of the top ten customers were government agencies and a sure pay.

Ms. Dastal indicated that two Auto Shop customers had past due balances over 121 days. She said that PI was unable to contact one customer that had a balance of \$3,606. She noted that it appeared the customer moved and the account had been turned over to the

Controller's Office for collection. The second customer with a past due balance paid \$1,000 towards their balance, and had a remaining balance of \$6,138. Ms. Dastal indicated the customer promised to inspect and pickup his vehicle in the near future. Ms. Dastal noted that PI would not release the vehicles until the balances were paid in full. In addition, PI had the option to place a lien on vehicles with an outstanding balance.

Chair Monroe-Moreno asked the procedure for an unpaid balance on a vehicle, or for a vehicle that was left at the Auto Shop.

Mr. Quenga explained that PI had a procedure to follow when a customer did not pay their balance due. A certified letter with a return receipt was sent to the customer if there was an outstanding balance to prove that PI made numerous attempts to contact the customer to satisfy the debt, and to provide an opportunity for the customer to pay the outstanding balance. He said PI referred to the Deputy Attorney General (DAG) assigned to PI, for guidance and the legal process to avoid violating NRS and to ensure proper legal action.

Senator Goicoechea asked if the value for both of the vehicles with outstanding debt was more than \$7,000, and Mr. Quenga confirmed that the cars were classic vehicles and PI was in possession of those vehicles. He added that PI sent a certified letter with return receipt to one vehicle owner, which was returned as "not deliverable." He noted he would make another attempt to notify the owner. He reiterated that the owner of the second vehicle made a partial payment toward his vehicle. Mr. Quenga said that PI has been working with the customers to ensure a pleasant relationship.

Senator Goicoechea commented that he was aware that PI would have to perform its due diligence to ensure the vehicles were worth the restoration work before accepting the job, and Mr. Quenga confirmed that PI was diligent in meeting the customer in the beginning stages to ensure that PI understood the customer's needs. In addition, PI maintained contact with the customer during the process in case there were any unforeseen damages noted during the process. PI could not perform any services until the customer was aware of any changes to the scope of the work.

Mr. Aguilera asked the process when the customer had the title to a vehicle that was abandoned, and Mr. Quenga replied that customers were in possession of the title to their vehicle while the work was being done. Additionally, PI worked with its DAG in the case of an abandoned vehicle.

IX. REVIEW THE NUMBER OF INMATES THAT WORKED JULY 2015 THROUGH JUNE 2019.

Ms. Dastal directed the Committee to the report on the number of inmates that worked from FY 2015 through FY 2019, Tab IX, page 51 (Exhibit A). PI averaged 492 offenders working in FY 2015, or 4.1 percent of the offender population; in FY 2016, PI averaged 482 offenders working, or 3.6 percent of the offender population; and in FY 2017,

PI averaged 465 offenders working, or 3.3 percent of offender population; FY 2018, PI averaged 494 offenders working, or 3.6 percent of the total offender population. She stated that in FY 2019, PI averaged 530 offenders working, and the average prison population was 13,699 offenders accounting for 3.9 percent of the prison population. Fiscal Year 2019 started with 478 offenders working and ended with 565 offenders working.

Responding to a question from Ms. Levine regarding the longevity of offenders working in PI programs, Mr. Quenga replied that offenders must meet criteria to classify to work in PI. For example, offenders could not be within a year of being released because it took a minimum of three to five years to gain the necessary skills needed to work in the private sector upon release.

Senator Goicoechea asked if the camp numbers and the fire crew information were incorporated into the reports because those inmates were part of the Nevada Division of Fire (NDF).

Mr. Quenga replied that NDF was a separate entity. He explained that PI was just manufacturing; whereas, the camp and fire crews were under the Stewart Conservation Camp (SCC), which was under the ward of Northern Nevada Correctional Center (NNCC) and SCC. Therefore, the numbers were separate from PI.

Senator Goicoechea noted that he thought the numbers for the conservation camps and fire crews would be of interest to the Committee. He requested that PI provide informational data that included man days and crew hours for the camp and fire crews.

Mr. Quenga replied that he would speak with Mr. Wickham, Acting Deputy Director, DOC and John Borrowman, Deputy Director, Support Services and provide that information to the Committee.

Assemblyman Leavitt stated that the average number of inmates working in PI appeared low. He asked if the number in the report was for the entire offender population or just the qualified offender population. He indicated that he would like know the percentage of inmates who were qualified and met the criteria to work in PI versus the inmates that were actually working.

Responding to Assemblyman Leavitt, Mr. Quenga replied that it was an estimated average population of the whole statewide prison system. He said he would provide the information requested by Assemblyman Leavitt to the Committee.

Ms. Williams asked for the total inmate population in the System and the total number of inmates working. In addition, she asked if the jobs were open to any offender that wanted to work, or did the offender have to qualify to work in PI.

Mr. Quenga responded that offenders had to qualify and meet certain criteria to work for PI. He noted that some of the major institutions were medium security facilities and others were maximum security facilities, such as the Ely State Prison. Depending on how the facilities were setup in the institution, the population and industries available determined how many positions could be filled with qualified offenders.

Senator Goicoechea asked Mr. Quenga if the approximately 14,000 average offender population, shown on page 55, (Exhibit A) included the conservation camps, and Mr. Quenga replied that he believed that number reflected the total inmate population.

Senator Goicoechea thought it was critical to have the number of inmates working in the camps, because otherwise it seemed that only 3 to 4 percent of inmates were working, when realistically, 400 to 500 inmates could be gainfully employed in the camps.

Mr. Quenga added there were inmates working in one camp that were trustee status. For example, the Stewart Conservation Camp used approximately ten inmates that traveled from Carson City to Reno to work at the Erickson facility (Erickson Framing NV, LLC.). The program was approved over a year ago and was very successful. He noted that he was trying to increase the number of inmates working at the truss company. He indicated the company came from Arizona and was new to Nevada and still learning the industry in the state.

Senator Goicoechea stated that recently met with Harold Wickham, Acting Director, DOC, regarding the community trustees working in Carson City, and also now in Carlin. He said it was a camp but the trustee status inmates were working in the communities, similar to the inmates from the Stewart Conservation Camp traveling to Reno to work at the truss facility.

Mr. Quenga added that inmates from the Prison Ranch were served by the Stewart Conservation Camp.

Senator Goicoechea added that he thought the number of inmates working were a lot higher than what was shown in the Committee report.

Mr. Wickham clarified that many of the 14,000 inmates incarcerated were working, but not working for PI. Many inmates worked for other industries, such as, culinary, law library, unit porters, or working in the prison facilities, but they were not paid by PI. He noted it was a misnomer when the numbers reflected that only 4.2 percent of 14,000 inmates were working. He noted a large number of inmates, which he thought was approximately 50 percent of the prison population, were working in some capacity.

Senator Goicoechea added that typically the inmates working in the conservation camps or on fires were paid from an outside source, such as NDF, or by a city jurisdiction. He assumed the culinary or law library jobs would be paid from the prison system rather than an outside source.

Mr. Wickham confirmed that inmates working within a prison facility were paid by the prison system, albeit a different rate. The inmates working in the conservation camps or on fires were paid by other sources, such as federal funds if it was a federal wildland fire. If the inmates were working on projects for the local municipalities or communities they were paid through the prison system.

Chair Monroe-Moreno requested a breakdown on the number of inmates incarcerated and working; whether, it was contractual work with one of the city governments, working within PI, or on federal wildland fires, or within the prison facilities.

Mr. Quenga confirmed that he would work with John Borrowman, Deputy Director, Support Services, DOC, to obtain the statistics on the number the inmates working and how they were paid and provide that information to the Committee.

Mr. Aguilera expressed his surprise that the Tag Facility, which produced the license plates at the Stewart Conservation Camp, had not increased the number of inmates working due to all the specialized license plates in the state.

Mr. Quenga explained that the license plate facility moved to robotic technology and was using more equipment, as opposed to ten inmates to produce one license plate. After touring the tag operation at the Stewart Conservation Camp, Mr. Quenga stated that most of the work at the facility was automated, which reduced the number of inmates required to make license plates.

X. REVIEW THE DEDUCTIONS FROM INMATE WAGES FOR ROOM AND BOARD, THE PRISONS CAPITAL IMPROVEMENT FUND, AND THE VICTIMS OF CRIME FUND – FY 2017, FY 2018, AND FY 2019.

Ms. Dastal reviewed the Deductions from the Inmate Wages for Room and Board, the Prison Industry Capital Improvement Fund (CIP) and the Victims of Crime Fund, Tab X, page 57 (Exhibit A). She stated that 24.5 percent of the wages for offenders were deducted for Room and Board; 5 percent of wages for offenders were deducted for the Victims of Crime Fund; and 5 percent of wages were deducted for the Prison Industry CIP fund. In FY 2017, \$450,620 in wages were deducted for the three funds; in FY 2018, \$456,883 in wages were deducted; in FY 2019, \$513,485 in wages were deducted from offenders pay, which included \$364,900 for Room and Board and \$74,292 for the Victims of Crime Fund and \$74,292 for PI CIP Fund, respectively.

Mr. Quenga noted that PI was looking at Marsy's Law to determine the impact it could have on inmate payroll deductions. He discussed Marsy's law with Mr. Borrowman and was waiting for additional counsel from the DAG. He was aware there were certain wages, such as minimum wage, below minimum wage and above minimum wage to see how inmate banking would begin redirecting payments to the different funds. He stated at this point, PI would continue with its regular deductions; however, Marsy's Law could impact the deductions for Room and Board and the Victims of Crimes Fund. Mr. Quenga added that he would provide an update on the impact of Marsy's Law at the next meeting.

In response to Chair Monroe-Moreno, Mr. Quenga explained that Marsy's Law stated when an inmate was paid, a percentage of their wages would be deducted to satisfy any restitution, or fines levied against the offender. He noted that PI was unsure how the reduction would impact the Room and Board Fund, which supported and offset the cost of incarceration. He agreed that the amounts had the potential to change dramatically; although, the changes were unknown until the DAG issued its final recommendations.

Senator Parks asked if the deduction of fees related to Marsy's Law could be retroactively implemented once the DAG has finalized its recommendations. He was aware of past fees being imposed retroactively, which may have a substantial financial impact. He presumed that this particular deduction would be assessed prospectively, as opposed to a retroactive assessment.

Mr. Quenga did not have additional information at this time but would provide an update to staff and the Committee once he received information from its DAG.

XI. REVIEW SILVER STATE INDUSTRIES' FINANCIAL STATEMENTS FOR THE YEAR ENDING JUNE 30, 2019.

Ms. Dastal reviewed the financial statements from Silver State Industries, Tab XI, page 59 (Exhibit A). The total cash for PI decreased approximately \$40,000, or 1.6 percent compared to the same period last year. The total cash for the Prison Ranch increased approximately \$213,000, or 16 percent. The total unrestricted cash balance for PI and the Prison Ranch increased approximately \$173,000, or 4.5 percent. The PI other assets restricted cash balance decreased approximately \$98,600, due to equipment purchases. Retained earnings increased approximately \$26,000, to a balance of approximately \$4.0 million.

Continuing to the Consolidated Statement of Operations, Ms. Dastal stated the net income totaled approximately \$26,330. She said that PI had a loss of approximately \$173,623; the Prison Ranch contributed approximately \$233,754 toward program support; and PI Capital Projects Fund ended with a loss of \$33,801.

Ms. Dastal directed the Committee to page 65, which showed the changes in cash flows for the year and summarized the amount of cash and cash equivalence at the beginning of the year and at the end of the period. The report begins with net income and lists adjustments to reconcile net income to net cash, as provided by PI's operating activities.

Ms. Dastal explained that PI's Central Administration Section, page 66 (Exhibit A), reflected that license plate fee revenue decreased by approximately \$27,000; Capital Improvement Revenue was relatively flat; rental income was also flat; and administrative fees decreased by \$7,000, due to Diamond Mountain Distributors. Total revenue decreased approximately \$43,000. General and Administrative Expenses increased approximately \$58,000. The Central Administration sections net loss increased approximately \$163,000, to almost \$274,000. The State Cost Allocation increased \$145,000 to approximately \$500,000. She stated that the Administrative Services Division was investigating the increase in the State Cost Allocation and thought the increase could be due to depreciation.

Mr. Quenga expressed his concern that the State Cost Allocation had also doubled for upcoming Fiscal Year (2020). He asked Ms. Dastal to investigate the increase with the entities involved because one report showed that PI was being charged for depreciation on sheds, garages and buildings in Pioche, which had nothing to do with PI. Mr. Quenga stated that he would request details on the items being charged to PI for State Cost Allocations to avoid paying for items not related to PI, because those charges reduced PI's cash flow.

Continuing, Ms. Dastal moved to the Northern Nevada Correctional Center (NNCC) Mattress Shop Statement of Operations, Tab XI, page 67 (Exhibit A), and noted sales decreased approximately \$55,000. Although, sales were down, material costs increased tremendously. Some of the Mattress Shop prices were locked into a contract; therefore, the costs of the mattresses could not be increased. Ms. Dastal explained that raw material costs were significantly higher and shipping costs increased due to tariffs. The total General and Administrative Manufacturing expenses increased approximately \$13,000 and the Mattress Shop loss totaled \$80,000.

Chair Monroe-Moreno asked if PI was locked into one contract, or could it look for other vendors that provided affordable material.

Mr. Quenga stated that the Mattress Shop had a contract for mattress cores with DOC and the shop was losing approximately \$5.00 per mattress core. He found a company in Las Vegas that could provide cores but they declined the job. The previous bid was cancelled because PI could not continue to operate without a profit. He noted that PI started using a three-bid process in which three or more service or contract providers competed for a particular job or contract. However, the companies that provided bids through the three-bid process were higher than PI's previous contract. Therefore, PI used a three-bid process without a contract and the bids were lower than through a contract

price, which reduced the costs for material. He noted when PI cancelled the contract at the same time the supplier in Arizona had equipment issues so PI had to shop elsewhere for suppliers. In order to fulfil the contract, PI had to purchase material from other sources, so there were incurred shipping costs. However, the numbers should stabilize in the future because of the three-bid process and PI was getting a better value for the cores to produce the product.

Mr. Aguilera asked why the General and Administrative Manufacturing expenses, page 67 (Exhibit A), for dues and subscriptions was \$9,218 in FY 2019, when in FY 2018 the cost was \$352.

Ms. Dastal explained the increase in expenses were a result of the burn test that was required for mattresses before the cores could be sold. She noted the cost of the burn test was approximately \$9,000.

Continuing with her presentation, Ms. Dastal stated that NNCC Printing/Bindery Shop, page 68 (Exhibit A), sales increased approximately \$75,000, or 16.7 percent. The Shop expanded its selling of uniforms for correctional officers. General and Administrative Manufacturing expenses were relatively flat and earnings available for program support increased \$27,000 to \$56,845, or 91 percent.

Ms. Dastal indicated that the Statement of Operations for the Furniture and Metal Shop, page 69 (Exhibit A), showed the Furniture Shop revenue decreased approximately \$68,000. The Metal Shop revenue decreased approximately \$132,000. The Furniture Shop's share of the combined total revenue was \$354,537, or 57 percent and the Metal Shop had \$264,025 in revenue, or 43 percent of the total revenue. Furniture had a negative contribution to General and Administrative (G&A) expenses due to increasing costs, and the Metal Shop had a positive contribution of \$31,860. Applying the revenue expenses percentages to the G&A manufacturing expenses, the Furniture Shop experienced a loss of \$114,367, while the Metal Shop experienced an approximate \$20,499 loss. She stated that the Furniture and Metal Shop's combined loss was approximately \$134,866.

Ms. Dastal moved to the SDCC Auto and Upholstery Shop Statement of Operations, Tab XI, page 70 (Exhibit A), which showed auto sales increased approximately 131 percent compared to FY 2018. The Auto Shop contributed approximately \$91,000 to G&A manufacturing expenses and the card sorting operation contributed approximately \$13,000 for program support. Allocating one-half of the G&A expenses to the Auto Shop, and one-half to Manpower operations (card sorting) the Auto Shop ended FY 2019 with a \$35,255 contribution for program support, while Manpower operations had a loss of approximately \$43,000. The allocation of G&A expenses according to the percentage of revenue, Auto experienced a loss of \$13,473 and Manpower operations contributed \$6,000 for program support. The Auto Shop and Manpower operations contributed approximately \$6,000 for program support, the SDCC Auto Shop experienced a combined \$7,457 loss. The combined loss decreased approximately \$62,000 from FY 2018.

Ms. Dastal continued to the Garment Factory Statement of Operations, page 71 (Exhibit A), and noted the garment sales decreased approximately \$153,000, or 13.7 percent, compared to the same period in FY 2018. She added that the garment industry was the hardest hit by the tariffs because the material was imported from overseas. The Garment Factory contribution to G&A expenses was down approximately 11 percent and G&A manufacturing expenses were flat. Earnings decreased approximately \$50,000, with contributions of \$231,898 for program support.

Ms. Dastal stated that total sales for the Prison Ranch, page 72 (Exhibit A) increased approximately \$305,000, or 15 percent, and all sections provided a positive contribution. The Bureau of Land Management (BLM) section performed the best and the Ranch was boarding 643 horses and 87 burros. The daily per diem rate was \$5.15 per horse in September, and the Prison Ranch ended the year with a contribution of \$233,754 for program support. PI as a whole ended the year with \$26,330 available for program support.

Responding to a question from Ms. Levine regarding reversing the losses for PI, Mr. Quenga explained that due to the loss experienced with the Mattress Factory, instead of focusing solely on mattresses, PI started manufacturing high-end backpacks used for snow sports for a local company from Truckee, California. In addition, the Mattress Shop was manufacturing reusable bags and other items from recycled sails for a green company. He said that DOC was also working on a contract with a new card sorting operation; which, would employ 15 to 20 inmates and increase revenue for PI.

Continuing, Mr. Quenga stated that he hired a new marketing supervisor, a position which had been vacant for years, for the SDCC to generate more revenue for PI. He indicated that PI was in the process of implementing a new business for the Steel Factory. It lost one of its biggest contractors because the owner of the company opened his own shop to manufacture steel products. He noted that the employees of the new steel factory were former offenders who were hired upon release.

Mr. Quenga noted he was recently appointed as the Deputy Director, PI, and introduced Teri Vance, the new Marketing Coordinator. He said Ms. Vance was from the private sector and would work with the supervisors of PI, market PI products, as well as work with the entities involved with PI to bring in additional business without displacing private sector employees. He indicated that Jacobs Trading Company contract ended October 15, 2019. He said the owners of Jacobs Trading passed away and the survivors of the company decided not to renew its contract with PI at the Florence McClure Women's Correctional Center (FMWCC).

Mr. Quenga stated that the hanger recycling operation, Sewing Collection, Inc. (SCI), at High Desert State Prison (HDSP) started off with 14 offenders working in mid-August 2019, and was currently up to 40 offenders working. He noted the first day of operation the offenders sorted 6,000 hangers; in August the offenders sorted 250,000

hangers; in September the offenders sorted 500,000 hangers; and in October, 800,000 hangers were sorted. He noted approximately 1.0 million hangers would be sorted within the next month. He stated that the vice president of SCI was interested in a hanger recycling operation for specialty hangers at the FMWCC. Mr. Quenga said PI was looking at the square footage at the FMWCC, reviewing the numbers and pay, because it had to follow the proper protocol before an addendum was made to the existing contract with SCI.

Responding to a question from Chair Monroe-Moreno, Mr. Quenga clarified that Jacobs Trading Company purchased old stock and returns, similar to a liquidation operation from brokers and retailers. The products were repackaged and shipped to a liquidator. Jacobs Trading Company started seeing flat revenue and began reducing its hours of operation. Mr. Quenga stated that he provided multiple opportunities to continue working with Jacobs Trading Company; however, PI was not able to continue operation without a contract in place.

Chair Monroe-Moreno asked the timeline for SCI to begin operating at the FMWCC, and Mr. Quenga replied that he hoped the contract would be finalized soon. The contract had to be reviewed to see how it would affect the surety bond and the agreements in place for NRS 209.461. He added that once negotiations were complete, the amended contract would require the Board of Examiners (BOE) approval.

Chair Monroe-Moreno asked if the inmates working for Jacobs Trading Company required additional training to be qualified to work with SCI.

Mr. Quenga responded that the inmates would need minimal training as their current skills could transfer seamlessly to SCI. He added that SCI would train the inmates using the same process it used at the HDSP. Mr. Quenga said he was impressed by the successful production the inmates provided separating the large volume of hangers. The hangers were removed from the large Gaylord boxes and the inmates separated 40 different styles of hangers. He reiterated that originally 14 inmates sorted hangers, which has increased to approximately 40 inmates and he expected another increase in the future. SCI was looking into leasing the second 10,000 square foot bay at the HDSP because of the demand for production. In addition, SCI recently shut down its Mexico facility and the operation in Nevada would be its Western Regional Distribution Center.

Mr. Soltero recalled that he was somewhat skeptical of the process when the representatives from SCI testified at a previous meeting. He understood that SCI had other operations in the United States and Mexico. Mr. Soltero said it was good to hear that SCI was successful at HDSP and there was a demand for additional space for production. He welcomed the success of the program and the opportunities it created to employ more inmates.

Mr. Quenga added that SCI maintained additional facilities; one in the Ohio Prison System and the second in the Oregon Corrections Enterprises. He noted those facilities have been in operation longer than PI; however, the operation in Nevada exceeded SCI's Ohio and Oregon operations.

Mr. Aguilera was aware there was a requirement in statute that if a state-sponsored program incurred a net loss for two consecutive fiscal years, the Director was required to explain the reasons for the loss to the Committee and reevaluate the program. He said there were a lot of negative numbers in the financial statements and he hoped those numbers would increase prior to the end of the current fiscal year.

Mr. Quenga recalled that the Drapery Factory was always a struggling operation. He noted that PI eliminated the drapery operation as its own cost center and integrated it into the Garment Factory. He noted that currently, the Garment Factory was one of the most profitable shops for PI. He said that PI needed to "think outside the box" and work to make all the programs that were seeing a loss more successful, because the mission of PI was to keep inmates working.

Chair Monroe-Moreno commented that she appreciated that PI was not going to pay the large State Cost Allocation bill that doubled for the upcoming fiscal year until an investigation was conducted to see where the charges were from. She did not believe PI should be charged for depreciation on any buildings that were not part of PI.

Mr. Quenga commented that approximately \$150,000 was already deducted by Central Administration for the State Cost Allocation. He anticipated the next deduction would be close to \$500,000 and he was working rigorously to investigate the charges. He thought he might have to ask the Committee for guidance because the money was an automatic deduction.

Chair Monroe-Moreno noted for the record that the Committee and staff would be more than willing to assist Ms. Dastal and Mr. Quenga into investigating those charges.

XII. STATUS OF AND PROPOSED EXPENDITURES FROM THE FUND FOR NEW CONSTRUCTION OF FACILITIES FOR PRISON INDUSTRIES – NRS 209.192.

Ms. Dastal referred to Tab XII, page 87 (Exhibit A), Fund for Construction of Facilities for Prison Industries and stated that currently the Capital Improvement Project (CIP) ending balance was \$539,940. In FY 2016, PI was able to purchase \$297,118 in equipment, which reduced the end-of-year balance to \$303,821. In FY 2017, the balance increased to \$371,715 and the FY 2018 balance was \$443,622. In FY 2019, PI purchased more equipment which totaled \$181,235. The June 30, 2019, ending CIP balance was \$345,765. Ms. Dastal stated that PI was requesting additional equipment, which was beneficial to PI because it was difficult to work with old equipment that was constantly breaking down. In addition, offenders would be trained on new technology to enhance

their employability skills upon release from prison. Prison Industries was requesting equipment for two industries – the Garment Factory and the Prison Ranch. The Garment Factory wanted enough equipment to meet customer demand for products.

Ms. Dastal indicated that The Prison Ranch was currently purchasing milk for resale from a local dairy because the pouch machine was non-operational and unrepairable. She stated the Prison Ranch was desperate for a milk pouch machine so it could offer powdered milk to the prisons in Southern Nevada. Additionally, feeder panels for the BLM corrals would be a big improvement to the horse program, which would also be beneficial to the Metal Shop because it could fabricate the panels for the Prison Ranch.

Ms. Levine asked if the broken equipment could be sold for parts and if PI would benefit from the resale of the unused equipment, and Mr. Quenga replied that it depended on the equipment value. He explained that PI would attach a state tag on broken equipment, which would be processed as surplus to State Purchasing. Mr. Quenga confirmed PI would receive credit for the return of the equipment.

Senator Goicoechea said he was intrigued with the high cost of feeder panels and thought the panels could be built through the Metal Shop at \$100.00 per panel. Mr. Quenga responded that the cost would depend on the price of material and tariffs and whether the material was coming offshore.

Justin Pope, Manager, Prison Ranch, stated that the panels built for the Prison Ranch were more extreme in strength for the mustangs. He noted the panels for the Prison Ranch were bid to use well casing and sucker rod, which provided extra support. He noted that the \$25,000 requested for equipment purchases would provide 90 panels.

Senator Goicoechea added when the Prison Ranch received additional horses that it would need more panels, and Mr. Pope agreed.

SENATOR PARKS MOVED TO APPROVE THE MILK POUCH MACHINE AND FEEDER PANELS FOR THE PRISON RANCH AND UPDATED EQUIPMENT FOR THE DRAPERY SHOP FROM THE FUND FOR NEW CONSTRUCTION OF FACILITIES FOR PRISON INDUSTRIES.

MR. SOLTERO SECONDED THE MOTION. THE MOTION PASSED UNANIMOUSLY.

XIII. INFORMATION ITEM: DISCUSSION OF STATUS OF APPROVED NEW PRISON INDUSTRY PROGRAM – NRS 209.4818 – Ink2Work, LLC.

Ms. Dastal stated that Ink2Work recycled larger printer cartridges for businesses. She said that PI obtained the required approvals for the new PI program from the Committee, the Board of Prison Commissioners and the Board of Examiners. However, Ink2Work had not signed the contract because it was waiting for the sprung structure to be repaired.

She indicated the sprung structure's membrane had to be replaced due to the numerous holes and the condition of the material. Ms. Dastal stated the repair process was slow and PI was waiting for State Public Works to issue a permit to start the repair work. However, Allwire, Inc., (Allwire) a new PI industry was interested in working with PI and would like to utilize all the square footage in the sprung structure. Ms. Dastal said PI should be able to make room for Ink2Work in a suitable place located in the Auto Shop at the Indian Springs Facility.

Mr. Quenga stated the IFC approved the funds requested by PI to reskin the sprung structure. He stated that State Purchasing assisted in purchasing the skin material for the sprung structure. Prison Industries applied for the permit, which cost approximately \$2,000. He said the permit would not be released until a special inspection and certifications were provided prior to the issuance of the permit. Mr. Quenga said with help from State Public Works a company was located to perform the specialized inspection. Prison Industries would seek a three-bid process for the private inspection. However, PI would incur an additional cost of approximately \$3,500 for the inspection because the inspector had to examine the material and structure. Mr. Quenga added that Sprung Structures, offered to provide a consultant for technical support, because inmate labor was being used and other specialized equipment was needed. The specialized inspection company had to review the processes to ensure procedures were followed, which could require up to four visits. However, if only two visits were needed, PI would only be charged for those visits. He reiterated that PI was in the process of negotiating with Ink2Work so it could begin production in the Auto Shop at the Indian Springs Facility.

Continuing, Mr. Quenga shared that he recently spoke with Mr. Herbert, Ink2Work, who indicated that Ink2Work wanted to change the scope of work from remanufacturing ink toner cartridges using 10 to 12 inmates, to a distribution center using only 2 inmates. In addition, Mr. Herbert asked PI to provide its own customer base, which was never previously discussed. Mr. Quenga recalled that at a previous Committee meeting, Mr. Herbert shared that its Ventura, California operation was expensive to run and Ink2Work wanted to move operations to Dallas, Texas. However, it was not feasible to ship from Dallas to the West Coast; therefore, Mr. Herbert wanted to use the prison facility in Nevada for production. Mr. Quenga stated that he wanted the Committee to be aware of his concerns and he would be monitoring the situation and potential changes with Ink2Work. Mr. Quenga expressed that he did not want a distribution center that only employed 2 inmates and preferred the original plan to employ 10 to 12 inmates. In addition, he did not like the requirement of providing a customer base for Ink2Work, because PI could only supply the manufactured cartridges to state entities. He recalled that Mr. Herbert informed the Committee that its Ventura operation had an extensive distribution channel throughout the West Coast. Mr. Quenga said Ink2Work would have to provide its own customer base and sales team for business development.

Chair Monroe-Moreno echoed the concerns of Mr. Quenga. She recalled the meeting when Mr. Herbert, Ink2Work, discussed its plans for production in Nevada and only employing 2 inmates was not part of the discussion. She was happy to see that there was another potential industry, Allwire, which would employ more inmates.

XIV. DISCUSSION OF AND RECOMMENDATIONS REGARDING POTENTIAL PRISON INDUSTRY PROGRAM – NRS 209.4818 – Allwire. Inc.

Ms. Dastal stated that Allwire, would like to partner with PI and as required by NRS 209.459, PI requested the Committee on Industrial Programs consideration for approval of the new business partnership. Allwire manufactured poly pipe with a secondary business that manufactured cable and wire harness assembly, printed circuit board assembly, and electromechanical assembly. Allwire planned to begin production with 20 offenders manufacturing poly pipe and 20 offenders in the wire business. Ms. Dastal noted that PI did not uncover any other poly pipe or wire manufacturers in Nevada.

Mr. Leiser explained that the Discussion of and the Recommendations Regarding Potential Prison Industry Program for Allwire was located in the meeting packet under Tab XIV, page 89 (Exhibit A). In addition, he noted that Mr. Wickham provided a hard copy of the handout, Impact Studies for New Industry, which was provided to the members and included on the Committee webpage (Exhibit B).

Ms. Dastal explained that the handout included detailed written analysis on the estimated impact of the contract on private industry in Nevada. The handouts contained the Department of Employment, Training and Rehabilitation (DETR) Employment Wage Data Report, the Governor's Office on Economic Development (GOED) research, and information received from the Department of Business and Industry (B&I) and representatives of organized labor in the state for an analysis on the impact of Allwire. She said the information from B&I indicated that it could not provide impact studies and the information from organized labor indicated it did not have any issues with Allwire. She added that DETR provided the Occupational Employment and Wage Data for Silver State Industries. She said that PI originally requested wages for all of Nevada locations since Allwire had not selected a location at the time. However, Allwire has toured the prison facilities and believed the sprung building at Southern Desert Correctional Center (SDCC) would best suit its needs.

Continuing, Ms. Dastal said Las Vegas data showed there were 2,410 assemblers and fabricators employed in the Las Vegas area that earn a mean wage of \$15.00 per hour. The electrical assemblers employed in Las Vegas totaled 380 and earned a mean wage of \$15.13 per hour.

The GOED provided its economic and modeling research and the relationships that existed as a result. The GOED model was based on patterns that emerged based on relationships, such as where goods were purchased and who bought the merchandise, because every action produced consequences that rippled in the economy. For the

changes to the plastics pipe and pipe fitting manufacturing scenario, the effect on earnings from adding 20 jobs was \$2,430,378, which resulted in a \$1.3 million initial effect, which produced a \$221,182 direct effect. The direct effect was Allwire purchasing supplies needed for its company and the model determined this would produce a \$73,569 indirect effect, which were items the workers purchased. The ripple effect on earnings from adding 20 jobs had a \$796,023 induced effect, which were the jobs that supported the workers, such as doctors, mechanics, and food service, etc. Ms. Dastal noted that the plastics and pipe fitting manufacturing model showed that 20 pipe workers would also add 4 direct jobs, 2 indirect jobs, and 16 induced jobs.

Ms. Dastal added that electronic assembly manufacturing on the GOED model showed a \$2,920,226 change in earnings for a \$1.4 million initial effect and \$367,003 direct effect. The indirect effect was \$91,118 and the induced effect was \$1.1 million. She noted that adding 20 jobs to wire manufacturing would result in a total of 49 additional jobs; the 20 initial jobs, 5 direct jobs, 2 indirect jobs and 22 induced jobs as a result of the relationships.

Ms. Dastal said that offenders would learn pipe or wire manufacturing and other benefits such as customer service, interpersonal skills, oral communication, diversity, work ethic, responsibility, dependability, teamwork, strategic thinking, motivation, planning and organizing, professionalism, and the importance of quality and quantity, safety and security, and adaptability. She noted that Allwire would provide valuable job training, assist NDOC with room and board as deductions were taken out of offenders pay and would enhance PI's financial position. Additionally, more deductions from contributions would be made to the Victims of Crime Fund and CIP Fund, which would assist with the goals of PI to reduce government operating costs, provide offenders the skills necessary to successfully reenter society and enhance the safe operation of correctional facilities.

Mr. Quenga introduced Alan Hopkins, President, Allwire and Michael Lawson, Technical Sales Director, Joint Venture Electronics, a division of Allwire, Inc. He said that Allwire reached out to Prison Industries to begin a partnership with PI. Mr. Quenga said Mr. Hopkins and Mr. Lawson toured the NNCC and the NDOC Administration building to view the furniture made by the inmates from PI. Mr. Quenga stated he toured the Allwire headquarters at the Central California Women's Facility (CCWF) in Chowchilla, California. He added Allwire also toured the SDCC and HDCC facilities to see the potential of each facility and the opportunities available. Mr. Quenga believed with the approval of the Committee, the business relationship with Allwire would be beneficial to PI because it would provide usable skills for offenders, as proven at the CCWF in Chowchilla.

Mr. Hopkins stated that he established Allwire in February 1967, and the business has been in existence for approximately 53 years. Allwire was a quality supplier of wire and cable. Based on the years of experience in the wire and cable industry, manufacturing soon became the primary focus of the company. Currently headquartered in Chowchilla,

California, Allwire's reputation as a control cable and CIC manufacturer is widely known, serving customers from California to Florida. He added that Allwire had been working in prison industries for approximately 29 years. The work in the prison system started when California was having financial problems and Smith Corona Marchant was laying off approximately 1,100 people. Mr. Hopkins was aware that California had one of the largest women's prison in the nation and realized that he could utilize the offenders in the CCWF to stop the flow of business offshore. He had continued conversations with the California prison system and was able to convince the prison system in California to reach out to Smith Corona. Smith Corona notified the California prison system that it already had active labor contracts and a location for manufacturing. Mr. Hopkins stated he explained the proposed new program to several of Allwire's customers in the Silicon Valley, and as a result of those conversations he was able to hire three people from those businesses that were interested in overseeing the program at CCWF. He stated that Mr. Lawson, who was present at the meeting was managing the program in the CCWF, which turned out to be the largest and most successful prison industry program for the California correctional system. In addition, the recidivism rate was 5 percent for the offenders that worked in the program and offenders often found employment upon release with the skills learned at the CCWF.

Continuing his presentation, Mr. Hopkins stated that Allwire had three plants – one at CCWF in California; a wire factory in California; and a plant in Cheyenne, Wyoming and hoped to expand its operation to Nevada. He said the largest customer for Allwire was Comcast and supplies were shipped to New Mexico, Arizona and Utah, and a facility in Nevada would be an ideal location for shipping and would considerably cut expenses. He added that the Nevada facility would produce three-quarter inch pipe. Mr. Hopkins said that Allwire was excited to bring production to PI in Nevada. He indicated that it was a pleasure to work with Mr. Quenga and the wardens from the Nevada prison system. He added that the prison system in Nevada seemed to be more interested in securing a future for the offenders and advocated for offenders to learn a profession that would help them find employment upon release.

Senator Goicoechea asked Mr. Hopkins to explain the type of work the offenders would perform in the prison system.

Mr. Hopkins explained the facility would be similar to a typical assembly plant with rows of tables equipped with an automatic system to move the product to different stations for electronic assembly. In addition, offenders would be using molding machines to mold certain attachments to the cables, along with grinding, pelletizing, and extrusion equipment.

Replying to a question from Senator Goicoechea, Mr. Hopkins explained that the offenders would be assembling cable conduit and operating equipment. Mr. Hopkins stated that Allwire would move the equipment to the Nevada facility. Generally, the equipment cost approximately \$150,000 for an extrusion line and \$30,000 for a pelletizing

line. Mr. Hopkins anticipated the Nevada facility would eventually employ 40 to 50 offenders. He added that the electronic assembly portion of the business in California employed 30 offenders and the Allwire portion of the business employed approximately 40 offenders.

Michael Lawson, Technical Sales Director, Joint Venture Electronics, stated that he managed the CCWF, supported sales and inmates, in addition to managing three staff members. He indicated that he worked at the CCWF for approximately 24 years, and the primary focus at the facility was manufacturing cable and wire harness assemblies. Typically, the plant used high-tech laser systems, industrial control panel assembly, printed circuit board assembly, and control panel electromechanical assembly. He noted the production at CCWF was very successful and the facility experienced consistent growth and profit. The inmates were provided hands-on skills and the company offered assistance creating a resume, job coaching, and how to transition the offenders into the workforce. The offenders working were trained and prepared to work outside of the prison system upon release. In addition, Mr. Lawson said that he wrote a self-help manual for the inmates transitioning into society. He shared that the inmates who worked in the CCWF were hired by Allwire upon release from incarceration. He also expressed how thankful he was for the opportunity to do business in Nevada.

Chair Monroe-Moreno asked how many inmates who worked for the CCWF found employment upon release, and Mr. Lawson replied that he was not able to provide a definite number, but thought more than 24 women found employment upon release from the CCWF.

Senator Parks asked Mr. Hopkins if he could provide the number of company employees and inmate contract employees, and Mr. Hopkins replied there were approximately 80 to 90 employees. He said that approximately 40 to 50 were company employees and 30 to 40 inmates worked for prison industries.

Senator Goicoechea asked Mr. Quenga to confirm that PI had adequate space for Allwire at the SDCC without impacting inmates.

Mr. Quenga replied that Allwire toured the SDCC and confirmed that the sprung building offered adequate space for Allwire. Currently, the card sorting business was leasing half of the 10,000 square feet inside the sprung building and would relocate to HDSP while the repairs were being made to the sprung structure. He said PI employed businesses that were beneficial to the success of inmates and provided the necessary skills inmates needed to be successful upon release.

ASSEMBLYMAN LEAVITT MOVED TO APPROVE THE PROPOSED NEW PRISON INDUSTRY PROGRAM – ALLWIRE, INC.

SENATOR PARKS SECONDED THE MOTION. THE MOTION PASSED UNANIMOUSLY.

XV. PUBLIC COMMENT.

Senator Goicoechea said it was his understanding that all NDOC employees would receive the 5 percent pay increase; however, he recently became aware that employees receiving the rural pay differential did not qualify for the 5 percent increase. Consequently, several correctional officers filed grievances, for which there would be a meeting next week. Senator Goicoechea noted that he was not permitted to attend the meeting. He said he had discussed the matter with Mr. Wickham, but he also wanted the Committee to be aware of the situation.

In addition, Senator Goicoechea reported that a resolution had been reached concerning the Carlin Conservation Camp. During a 90-day trial period, community trustees and honor crews would be used whenever possible, such as for landscaping and maintenance. Senator Goicoechea said he wanted to bring the matter to the attention of the Committee, because although the conservation camps were separate from PI, the situation still pertained to working inmates.

There was no other public comment.

XVI. ADJOURNMENT.

Respectfully submitted,

Kat Therres, Committee Secretary

APPROVED:

Assemblywoman Daniele Monroe-Moreno, Chair

Date: _____

STATUS REPORT ON OUTSTANDING DEBT OWED TO PRISON INDUSTRIES.

SILVER STATE INDUSTRIES
CUSTOMER LEDGER AGING BY DUE DATE
REPORT Date: 09/30/19

		Days Past Due					Balance
		0 - 30	31 - 60	61 - 90	91 - 120	121 +	
Cust ID	Customer Name	08/31 - 09/30	08/01 - 08/30	07/02 - 07/31	06/02 - 07/01	Prior - 06/01	
BU1020	BUREAU OF LAND MGT.	\$119,264.50	\$0.00	\$0.00	\$0.00	\$0.00	\$119,264.50 *
CA1008	DAIRY FARMERS OF AMERICA	\$8,638.45	\$0.00	\$0.00	\$0.00	\$0.00	\$8,638.45
DA1019	DAYTON VALLEY TURF INC.	\$2,200.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,200.00
DE1020	DESERT REGIONAL CENTER	\$2,668.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,668.00
DI1025	DIAMOND MOUNTAIN DIST.	\$46,532.80	\$0.00	\$0.00	\$0.00	\$0.00	\$46,532.80 *
DI1030	DIVAN, LLC	\$1,209.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,209.00
DO1000	DOUGLAS COUNTY COMP.	\$422.00	\$0.00	\$23,783.00	\$0.00	\$0.00	\$24,205.00 *
DO1018	DOUGLAS COUNTY SHERIFF'S	\$1,218.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,218.00
EM1008	EMPLOYEES' ASSOCIATION	\$144.00	\$0.00	\$0.00	\$0.00	\$0.00	\$144.00
ER1000	ERICKSON FRAMING NV, LLC	\$16,129.23	\$0.00	\$0.00	\$0.00	\$0.00	\$16,129.23 *
FE1020	FERGUSON SAFETY PRODUCTS	\$10,448.86	\$0.00	\$0.00	\$0.00	\$0.00	\$10,448.86 *
HA1060	HAWAII CORRECTIONAL INDUS	\$0.00	\$0.00	\$1,610.00	\$40,260.00	\$0.00	\$41,870.00 *
JA1010	JACOBS TRADING CO.	\$12,101.83	\$0.00	\$0.00	\$0.00	\$0.00	\$12,101.83 *
LY1001	LYON COUNTY RECORDER	\$110.00	\$0.00	\$0.00	\$0.00	\$0.00	\$110.00
LY1002	LYON COUNTY SCHOOL DISTRICT	\$654.00	\$0.00	\$0.00	\$0.00	\$0.00	\$654.00
MO1030	JOSEPH MONZO	\$0.00	\$0.00	\$0.00	\$0.00	\$7,138.00	\$7,138.00
NE1041	NEVADA ORGANICS, LLC	\$6,731.76	\$0.00	\$0.00	\$0.00	\$0.00	\$6,731.76
OP1030	OPEN AIR MOVIES	\$2,708.64	\$0.00	\$0.00	\$0.00	\$0.00	\$2,708.64
SA1015	SACRAMENTO WINDOW SHADE	\$4,868.17	\$0.00	\$0.00	\$0.00	\$0.00	\$4,868.17
SC1000	SEWING COLLECTION, INC.	\$5,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5,000.00
SI1045	SILVER TRREADS INC.	\$5,011.61	\$0.00	\$0.00	\$0.00	\$0.00	\$5,011.61
SL1020	SLOBOGIN STEEL & CONST.	\$532.00	\$571.00	\$0.00	\$0.00	\$0.00	\$1,103.00
SP1025	BRYON SPRECHER	\$0.00	\$0.00	\$0.00	\$0.00	\$3,606.00	\$3,606.00
TA1012	TAHOE JUSTICE COURT	\$5,070.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5,070.00
VA1003	VARIOUS CUSTOMERS-COD	\$3,125.33	\$84.00	\$2,792.00	\$0.00	\$0.00	\$6,001.33
VI1000	VINYL PRODUCTS	\$301.00	\$0.00	\$0.00	\$0.00	\$0.00	\$301.00
VV1005	VIETNAM VETERANS #989	\$704.00	\$0.00	\$0.00	\$0.00	\$0.00	\$704.00
WA1005	WASHOE COUNTY COMPTROLLER	\$572.00	\$0.00	\$0.00	\$0.00	\$0.00	\$572.00
WE1009	WESTERN NEVADA COLLEGE	\$899.00	\$0.00	\$0.00	\$0.00	\$0.00	\$899.00
WI1002	WITTENBERG HALL	\$604.50	\$0.00	\$0.00	\$0.00	\$0.00	\$604.50
WO1010	WORKNET SOLUTIONS	\$190.00	\$0.00	\$0.00	\$0.00	\$0.00	\$190.00
WO1035	WORLD CLASS EQUINE	\$6,474.52	\$0.00	\$0.00	\$0.00	\$0.00	\$6,474.52

YE1000	YERINGTON POLICE DEPT.	\$620.61	\$0.00	\$0.00	\$0.00	\$0.00	\$620.61
YY1000	NDOC ADMIN NORTH	\$16.25	\$0.00	\$0.00	\$0.00	\$0.00	\$16.25
YY1003	NDOC ADMIN--MEDICAL	\$20.50	\$0.00	\$0.00	\$0.00	\$0.00	\$20.50
YY1011	ELY STATE PRISON	\$0.00	\$208.50	\$0.00	\$0.00	\$0.00	\$208.50
YY1012	ELY CONSERVATION CAMP	\$228.00	\$0.00	\$0.00	\$0.00	\$0.00	\$228.00
YY1016	THREE LAKES CONS. CAMP	\$4,948.90	\$0.00	\$0.00	\$0.00	\$0.00	\$4,948.90
YY1018	NDOC INSPECTOR GENERAL'S	\$936.00	\$0.00	\$0.00	\$0.00	\$0.00	\$936.00
YY1021	HIGH DESERT STATE PRISON	\$80,599.11	\$30,046.30	\$7,524.00	\$0.00	\$0.00	\$118,169.41 *
YY1023	NDOC ADMIN-MILK	\$50,430.80	\$0.00	\$0.00	\$0.00	\$0.00	\$50,430.80 *
YY1027	LOVELOCK CORR CTR-CANTEEN	\$650.00	\$0.00	\$0.00	\$0.00	\$0.00	\$650.00
YY1029	NO NV CORR CTR	\$8,571.00	\$89.10	\$0.00	\$0.00	\$0.00	\$8,660.10
YY1030	NO NV CORR CTR-CANTEEN	\$88.00	\$0.00	\$0.00	\$0.00	\$0.00	\$88.00
YY1035	NNCC REGIONAL MEDICAL FAC.	\$0.00	\$29.00	\$0.00	\$0.00	\$0.00	\$29.00
YY1036	CARLIN CONSERVATION CAMP	\$15.50	\$0.00	\$0.00	\$0.00	\$0.00	\$15.50
YY1038	PI STORE/NSP TRADING POST	\$346.50	\$10.00	\$0.00	\$0.00	\$0.00	\$356.50
YY1040	CASA GRANDE TRANSITIONAL	\$46.00	\$0.00	\$0.00	\$0.00	\$0.00	\$46.00
YY1042	NO NV TRANSITIONAL HOUSING	\$524.26	\$0.00	\$0.00	\$0.00	\$0.00	\$524.26
YY1045	WARM SPRINGS CORRECTIONAL	\$59.60	\$0.00	\$0.00	\$0.00	\$0.00	\$59.60
YY1046	HUMBOLDT CC CANTEEN	\$17.00	\$0.00	\$0.00	\$0.00	\$0.00	\$17.00
YY1050	PURCHASING - NDOC OFFICE	\$717.34	\$0.00	\$0.00	\$0.00	\$0.00	\$717.34
YY1051	SO DESERT CORR CTR	\$10,204.20	\$0.00	\$0.00	\$0.00	\$0.00	\$10,204.20
YY1056	FMWCC - CANTEEN	\$620.00	\$0.00	\$0.00	\$0.00	\$0.00	\$620.00
YY1067	STEWART CON CAMP - CANTEEN	\$222.50	\$0.00	\$0.00	\$0.00	\$0.00	\$222.50
YY1070	HIGH DESERT STATE PRISON	\$1,337.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,337.00
YY1072	PI CASA GRANDE STORE	\$2,881.00	\$6.00	\$0.00	\$0.00	\$0.00	\$2,887.00
YY1075	WARM SPRINGS CC - CANTEEN	\$267.00	\$0.00	\$0.00	\$0.00	\$0.00	\$267.00
YY1080	SO DESERT CORR CTR - CANTEEN	\$300.00	\$0.00	\$0.00	\$0.00	\$0.00	\$300.00
YY1105	NDOC ADMIN - PAYROLL	\$300.00	\$0.00	\$0.00	\$0.00	\$0.00	\$300.00
YY1115	WELLS CONS CAMP - CANTEEN	\$12.50	\$0.00	\$0.00	\$0.00	\$0.00	\$12.50
YY1120	ELY STATE PRISON - CANTEEN	\$521.50	\$0.00	\$0.00	\$0.00	\$0.00	\$521.50
ZZ1021	CHILD & FAMILY SERVICES	\$180.00	\$0.00	\$0.00	\$0.00	\$0.00	\$180.00
ZZ1037	EMPLOYMENT, TRAINING & REH	\$299.00	\$0.00	\$0.00	\$0.00	\$0.00	\$299.00
ZZ1040	EDUCATION DEPARTMENT	\$0.00	\$360.00	\$0.00	\$0.00	\$0.00	\$360.00
ZZ1046	GOVERNOR'S OFFICE	\$431.50	\$0.00	\$0.00	\$0.00	\$0.00	\$431.50
ZZ1055	GAMING CONTROL BOARD	\$228.75	\$0.00	\$0.00	\$0.00	\$0.00	\$228.75
ZZ1056	HEALTH DIVISION - LAS VEGAS	\$365.92	\$0.00	\$0.00	\$0.00	\$0.00	\$365.92
ZZ1088	LAKE'S CROSSINGS CENTER	\$1,235.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,235.00
ZZ1089	LEGISLATIVE COUNSEL BUREAU	\$4,468.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4,468.00

ZZ1103	MOTOR VEHICLES DEPT.	\$28,702.50	\$0.00	\$0.00	\$0.00	\$0.00	\$28,702.50 *
ZZ1121	NEVADA STATE PURCHASING	\$6,215.50	\$0.00	\$0.00	\$0.00	\$0.00	\$6,215.50
ZZ1135	STATE FIRE MARSHALL'S OFFICE	\$345.00	\$0.00	\$0.00	\$0.00	\$0.00	\$345.00
ZZ1141	TRANSPORATION DEPT.	\$2,506.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,506.00
ZZ1143	TREASURER'S OFFICE	\$30.00	\$0.00	\$0.00	\$0.00	\$0.00	\$30.00
ZZ1148	NEVADA STATE WELFARE	\$35.00	\$0.00	\$130.00	\$0.00	\$0.00	\$165.00
ZZ1159	STATE CONTROLLER'S OFFICE	\$0.00	\$386.00	\$0.00	\$0.00	\$0.00	\$386.00
ZZ1225	HEALTH PLANNING & STATISTICS	\$265.00	\$0.00	\$0.00	\$0.00	\$0.00	\$265.00
ZZ1226	HEALTH & HUMAN SERVICES	\$1,207.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,207.00
ZZ1232	SUMMIT VIEW YOUTH CORREC.	\$5,892.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5,892.00
ZZ1242	PUBLIC UTILITIES COMMISSION	\$72.50	\$0.00	\$0.00	\$0.00	\$0.00	\$72.50
ZZ1251	NV PTAC, PROCUREMENT	\$12.00	\$0.00	\$0.00	\$0.00	\$0.00	\$12.00
ZZ1297	DEPT OF PUBLIC SAFETH - NHP	\$5,391.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5,391.00
AGING TOTALS:		<u>\$487,915.94</u>	<u>\$31,789.90</u>	<u>\$35,839.00</u>	<u>\$40,260.00</u>	<u>\$10,744.00</u>	<u>\$606,548.84</u>
AGING PERCENTAGES:		80.44%	5.24%	5.91%	6.64%	1.77%	100%

* Indicates top ten customer balances

**REVIEW THE NUMBER OF INMATES THAT WORKED
JULY 2016 THROUGH SEPTEMBER 2019.**

NDOC Industrial Programs
Report of Offenders Working
FY 2017

INST	SHOP	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	FY 2017 Mo. AVG
HDSP	DMD (private)	120	108	96	88	88	131	136	140	141	135	127	125	121
LCC	Garment	100	100	106	95	104	104	102	102	93	137	110	111	106
NNCC	Metal	24	24	26	25	24	27	27	26	27	29	27	27	27
NNCC	Furniture	29	30	28	28	30	31	27	26	29	27	38	32	31
NNCC	Mattress	13	12	11	11	12	12	12	12	12	13	12	12	13
NNCC	Printing/Book Bindery	26	27	34	26	25	38	33	33	31	31	31	31	31
SCC	Ranch	20	22	21	26	20	22	23	22	23	21	27	28	24
SCC	Horses	30	29	25	28	26	27	25	25	26	23	23	26	27
SCC	Tag Plant	14	14	19	18	18	18	15	15	18	17	17	18	18
SDCC	Auto/Upholstery	16	16	17	17	21	19	18	18	20	21	20	20	20
SDCC	DMD (private)	30	25	25	26	24	31	31	33	36	34	36	36	32
SDCC	Opportunity Village	9	0	0	0	0	0	0	0	0	0	0	0	2
FMWCC	Jacobs Trading (private)	15	15	14	14	19	17	17	18	18	18	18	18	18
WSCC	DMD (private)	9	8	8	7	7	9	9	9	8	9	10	10	10
Grand Total		455	430	430	409	418	486	475	479	482	515	496	494	465
Average Offender Population		13,686	13,697	14,021	14,050	14,094	14,153	14,091	14,108	14,169	14,151	14,179	14,117	14,096
Percent of Offender Population Working		3.3%	3.1%	3.1%	2.9%	3.0%	3.4%	3.4%	3.4%	3.4%	3.6%	3.5%	3.5%	3.3%

NDOC Industrial Programs Report of Offenders Working FY 2018														
INST	SHOP	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	FY 2018 Mo. AVG
HDSP	DMD (private)	131	129	148	165	164	163	144	151	146	147	160	170	152
LCC	Garment	110	109	101	104	114	114	108	99	102	105	104	106	106
NNCC	Metal	28	27	27	25	28	21	20	20	21	19	19	18	23
NNCC	Furniture	33	31	31	32	32	24	28	24	25	29	26	26	28
NNCC	Mattress	12	12	12	11	11	11	11	10	9	9	10	9	11
NNCC	Printing/Book Bindery	35	30	33	29	28	29	28	25	23	24	29	27	28
SCC	Ranch	25	25	24	22	28	27	29	28	26	27	30	29	27
SCC	Horses	23	28	29	26	22	22	24	29	26	26	25	24	25
SCC	Erickson Framing NV (private)	0	0	0	0	0	0	0	0	0	0	0	8	1
SCC	Tag Plant	18	18	16	16	15	14	14	14	14	16	19	16	16
SDCC	Auto/Upholstery	19	19	18	18	16	16	15	13	15	15	17	19	17
SDCC	Opportunity Village	-	-	-	-	-	-	-	-	-	-	6	21	2
SDCC	DMD (private)	34	34	33	33	34	33	33	31	32	32	29	27	32
FMWCC	Jacobs Trading (private)	18	18	18	18	18	18	18	17	18	16	16	17	18
WSCC	DMD (private)	10	10	10	9	9	9	9	8	8	8	8	8	9
Grand Total		496	490	500	508	519	501	481	469	465	473	498	525	494
Average Offender Population		14,070	14,060	14,074	13,681	13,592	13,325	13,804	13,800	13,838	13,820	13,805	13,760	13,805
Percent of Offender Population Working		3.5%	3.5%	3.6%	3.7%	3.8%	3.8%	3.5%	3.4%	3.4%	3.4%	3.6%	3.8%	3.6%

NDOC Industrial Programs
Report of Offenders Working
FY 2019

INST	SHOP	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	FY 2019 Mo. AVG
HDSP	DMD (private)	131	157	155	182	177	179	183	172	182	162	173	172	169
LCC	Garment	108	101	94	103	102	105	119	112	110	108	118	121	108
NNCC	Metal	20	21	21	21	20	25	21	22	24	27	25	27	23
NNCC	Furniture	26	28	27	28	28	24	26	28	28	31	34	35	29
NNCC	Mattress	9	10	11	11	10	10	8	9	11	11	12	10	10
NNCC	Printing/Book Bindery	30	27	23	27	28	27	30	31	31	26	28	34	29
SCC	Ranch	32	35	33	30	28	34	34	31	34	34	39	37	33
SCC	Horses	24	23	23	29	32	31	29	29	26	32	35	32	29
SCC	Erickson Framing NV (private)	9	10	10	14	14	13	13	12	13	16	14	14	13
SCC	Tag Plant	15	14	13	13	15	15	14	13	14	14	14	14	14
SDCC	Auto/Upholstery	21	21	20	20	19	19	19	19	19	19	19	22	20
SDCC	DMD (private)	28	27	27	28	29	27	26	26	26	25	25	25	27
SDCC	Opportunity Village (private)	-	6	-	-	-	-	-	-	-	-	-	-	1
FMWCC	Jacobs Trading (private)	17	17	17	20	19	22	22	24	24	23	22	22	21
WSCC	DMD (private)	8	8	8	7	7	7	7	7	7	7	7	0	7
Grand Total		478	505	482	533	528	538	551	535	549	535	565	565	530
Average Offender Population		13,790	13,824	13,845	13,837	13,788	13,752	13,670	13,652	13,663	13,596	13,544	13,428	13,699
Percent of Offender Population Working		3.5%	3.7%	3.5%	3.9%	3.8%	3.9%	4.0%	3.9%	4.0%	3.9%	4.2%	4.2%	3.9%

NDOC Industrial Programs
 Report of Offenders Working
 FY 2020

[illegible]

**REVIEW THE DEDUCTIONS FROM INMATE WAGES FOR ROOM AND BOARD,
THE PRISONS CAPITAL IMPROVEMENT FUND, AND THE VICTIMS OF CRIME FUND -
FY 2018, FY 2019, AND FY 2020 YEAR-TO-DATE.**

NEVADA DEPARTMENT OF CORRECTIONS
Prison Industries Payroll Assessments

	FY 2018				FY 2019				FY 2020			
	a) R & B	b) VCF	c) PICI	Total	a) R & B	b) VCF	c) PICI	Total	a) R & B	b) VCF	c) PICI	Total
Northern Nevada Correctional Ctr.	50,792	10,367	10,367	71,526	52,639	10,743	10,743	74,125	13,850	2826	2826	19,503
Stewart Conservation Camp	52,945	10,806	10,806	74,557	97,379	19,696	19,696	136,771	25,560	5216	5216	35,993
Lovelock Correctional Ctr.	92,422	18,863	18,863	130,148	79,300	16,184	16,184	111,667	25,410	5186	5186	35,781
Florence McClure Womens' Correctional Ctr.	52,215	10,657	10,657	73,529	56,275	11,485	11,485	79,244	1,422	991	991	3,405
Southern Desert Correctional Ctr.	25,547	5,214	5,214	35,975	22,878	4,669	4,669	32,216	4,858	290	290	5,438
Warm Springs Correctional Ctr.	2,830	578	578	3,986	3,107	634	634	4,375	-	-	-	-
High Desert State Prison	47,694	9,734	9,734	67,162	53,323	10,882	10,882	75,087	10,225	2,087	2,087	14,399
Total	\$ 324,445	\$ 66,219	\$ 66,219	\$ 456,883	\$ 364,900	\$ 74,292	\$ 74,292	\$ 513,485	\$ 81,325	\$ 16,597	\$ 16,597	\$ 114,518

a) Room and Board (R & B)

Twenty-Four and one-half percent of the offender's gross wages are assessed to defray some of the costs incurred by the State to house the offenders.

b) Victims of Crime Fund (VCF)

Five percent of the offender's gross wages are assessed for the Fund for Compensation of Victims of Crime.

c) Prison Industries Capital Improvement Fund (PICI)

Five percent of the offenders' gross wages are assessed for capital projects to house new or expanded Prison Industry programs.

**REVIEW SILVER STATE INDUSTRIES' FINANCIAL STATEMENTS FOR
THE QUARTER ENDING SEPTEMBER 30, 2019.**

FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDING
SEPTEMBER 30, 2019
WITH COMPARATIVE SEPTEMBER 30, 2018
FINANCIAL STATEMENTS

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**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
CONSOLIDATED BALANCE SHEETS**
As of September 31, 2019 and 2018

	ASSETS		Increase (Decrease)	
	2019	2018	Change	Percent
Current Assets:				
Cash - Unrestricted				
Prison Industries	\$ 2,333,635	\$ 2,543,759	\$ (210,124)	-8.3%
Prison Ranch	1,673,584	1,515,647	\$ 157,937	10.4%
Total Unrestricted Cash	\$ 4,007,219	\$ 4,059,406	\$ (52,187)	-1.3%
Accounts Receivable	606,549	489,994	\$ 116,555	23.8%
Less Allowance for Doubtful Accounts	(4,321)	(4,953)	\$ 632	-12.8%
Net Accounts Receivable	602,228	485,041	\$ 117,187	24.2%
Treasurer's Interest Receivable	27,918	22,311	\$ 5,607	25.1%
Prepaid Expenses	18,359	19,959	\$ (1,600)	-8.0%
PI Capital Revenue Receivable	5,914	17,916	\$ (12,002)	-67.0%
Deposits - Business Licenses	5,000	15,000	\$ (10,000)	-66.7%
Livestock	107,300	326,680	\$ (219,380)	-67.2%
Inventories	1,160,018	761,930	\$ 398,088	52.2%
Ranch's Hay (Purchased & Harvested)	284,229	129,073	\$ 155,156	120.2%
Total Current Assets	6,218,185	5,837,316	\$ 380,869	6.5%
Land, land improvements, property and equipment at cost	4,291,740	4,207,844	\$ 83,896	2.0%
Less accumulated depreciation	(3,876,771)	(3,750,321)	\$ (126,450)	3.4%
Net Property and Equipment	414,969	457,523	\$ (42,554)	-9.3%
Other Assets:				
Cash - Restricted - PI Capital	350,866	443,622	\$ (92,756)	-20.9%
Total Other Assets	350,866	443,622	\$ (92,756)	-20.9%
Total Assets	\$ 6,984,020	\$ 6,738,461	\$ 245,559	3.6%
LIABILITIES AND CAPITAL BALANCE				
Current Liabilities:				
Accounts Payable	\$ 238,348	\$ 242,806	\$ (4,458)	-1.8%
Unearned Revenue	81,291	86,905	\$ (5,614)	-6.5%
Rent and Other Deposits	9,400	9,400	\$ -	0.0%
Wages Payable	88,020	74,505	\$ 13,515	18.1%
Current Accrued Compensated Absences	126,429	107,551	\$ 18,878	17.6%
Total Current Liabilities	543,488	521,167	\$ 22,321	4.3%
Long-Term Liabilities:				
Accrued Compensated Absences	95,140	84,298	\$ 10,842	12.9%
Total Long-Term Liabilities	95,140	84,298	\$ 10,842	12.9%
Total Liabilities	638,628	605,465	\$ 33,163	5.5%
Capital:				
Contributed Capital	\$ 2,193,440	2,193,440	\$ -	0.0%
Retained Earnings	4,151,952	3,939,556	\$ 212,396	5.4%
Total Capital	6,345,392	6,132,996	\$ 212,396	3.5%
Total Liabilities and Capital Balance	\$ 6,984,020	\$ 6,738,461	\$ 245,559	3.6%

NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(With Interfund Sales Eliminated)
For the three months ending September 30, 2019 and 2018

	September 30, 2019	September 30, 2018	Increase (Decrease)	
			Change	Percent
Revenue from Operations:				
Industry Sales	\$ 711,571	\$ 465,655	\$ 245,916	52.8%
Less Cost of Sales	(509,643)	(489,193)	\$ (20,450)	4.2%
Gross Profit from Industry sales	<u>\$ 201,928</u>	<u>(23,538)</u>	\$ 225,466	-957.9%
Ranch Sales	385,222	643,832	\$ (258,610)	-40.2%
Less Cost of Sales	(123,644)	(414,430)	\$ 290,786	-70.2%
Gross Profit from Ranch sales	<u>261,578</u>	<u>229,402</u>	\$ 32,176	14.0%
Industry Freight	(5,056)	(16,554)	\$ 11,498	-69.5%
General Manufacturing Expenses:	<u>(257,283)</u>	<u>(286,695)</u>	\$ 29,412	-10.3%
Net Income from Operations:	201,166	(97,384)	\$ 298,550	-306.6%
General and Administrative Expenses:	(376,762)	(297,417)	\$ (79,345)	26.7%
Other Income and Expenses	<u>244,526</u>	<u>277,665</u>	\$ (33,139)	-11.9%
Net Income (Loss)	\$ 68,930	\$ (117,136)	\$ 186,066	-158.8%

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
CONSOLIDATED STATEMENTS OF OPERATIONS
By Budget Account
(With Interfund Sales Eliminated)
For the three months ending September 30, 2019 and 2018**

Budget Account 3719 - Prison Industries

	September 30, 2019	September 30, 2018	Increase (Decrease)	
			Change	Percent
Revenue from Operations:				
Industry Sales	\$ 711,571	\$ 465,655	\$ 245,916	52.8%
Less Cost of Sales	(509,643)	(489,193)	\$ (20,450)	4.2%
Gross Profit from Industry sales	\$ 201,928	(23,538)	\$ 225,466	-957.9%
Industry Freight	(5,056)	(16,554)	\$ 11,498	-69.5%
Institutional Overhead Expenses:	(116,103)	(134,251)	\$ 18,148	-13.5%
Net Income from Operations:	80,768	(174,343)	\$ 255,111	-146.3%
General and Administrative Expenses:	(376,762)	(297,417)	\$ (79,345)	26.7%
Other Income and Expenses	229,237	261,049	\$ (31,812)	-12.2%
Net Income (Loss)	\$ (66,757)	\$ (210,711)	\$ 143,954	-68.3%

Budget Account 3727 - Prison Ranch

	September 30, 2019	September 30, 2018		
Revenue from Operations:				
Ranch Sales	\$ 385,222	\$ 643,832	\$ (258,610)	-40.2%
Less Cost of Sales	(123,644)	(414,430)	\$ 290,786	-70.2%
Gross Profit from Ranch sales	\$ 261,578	229,402	\$ 32,176	14.0%
Institutional Overhead Expenses:	(141,180)	(152,444)	\$ 11,264	-7.4%
Net Income	\$ 120,397	\$ 76,958	\$ 43,439	56.4%

Budget Account 3728 - P I Capital Projects

	September 30, 2019	September 30, 2018		
Revenue:				
Offender Wage Assessments	\$ 16,551	\$ 17,917	\$ (1,366)	-7.6%
Capital Improvements (Depreciation)	\$ (3,502)	\$ (3,586)	\$ 84	-2.3%
Other Income (Interest)	2,240	2,285	\$ (45)	-2.0%
Net Income	\$ 15,289	\$ 16,616	\$ (1,327)	-8.0%

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
CONSOLIDATED STATEMENTS OF CHANGES IN RETAINED EARNINGS**
For the three months ending September 30, 2019 and 2018

	September 30, 2019	September 30, 2018	Increase (Decrease)		
			Change	Percent	
Unreserved Retained Earnings at Beginning of Year	\$ 4,056,692	\$ 4,056,692	\$ -	0.0%	
Current Period Net Income	68,930	(117,136)	\$ 186,066	-158.8%	
Prior Period Adjustment	-	-	\$ -	0.0%	
Unreserved Retained Earnings at End of Year	<u>4,125,622</u>	<u>3,939,556</u>	<u>\$ 186,066</u>	<u>4.7%</u>	\$ (0)
Contributed Capital	<u>2,193,440</u>	<u>2,193,440</u>	<u>\$ -</u>	<u>0.0%</u>	
Total Fund Equity	<u>\$ 6,319,062</u>	<u>\$ 6,132,996</u>	<u>\$ 186,066</u>	<u>3.0%</u>	

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
CENTRAL ADMINISTRATION
Statements of Operations**

For the three months ending September 30, 2019 and 2018

	September 30, 2019	2018	Increase (Decrease)	
			Change	Percent
Revenue:				
License Plate Fees	\$ 144,015	\$ 186,487	\$ (42,472)	-22.8%
Capital Improvement	16,551	17,917	\$ (1,366)	-7.6%
Rental Income:				
Dayton Valley Turf	6,600	6,600	\$ -	0.0%
Jacob's Trading Company	1,800	1,800	\$ -	0.0%
Diamond Mountain Distributors at SDCC	6,300	6,300	\$ -	0.0%
Diamond Mountain Distributors at HDSP	15,000	15,000	\$ -	0.0%
Sewing Collection, Inc.	5,000	-	\$ 5,000	100.0%
Total Rental Income	34,700	29,700	\$ 5,000	16.8%
Administrative Fees: (Net of reimbursements)				
Jacob's Trading Company	6,107	7,762	\$ (1,655)	-21.3%
Diamond Mountain Distributors	(15,824)	(6,562)	\$ (9,262)	141.1%
Erickson Framing NV	18,960	6,065	\$ 12,895	212.6%
Sewing Collection, Inc.	3,240	-	\$ 3,240	100.0%
Prison Ranch	12,000	12,000	\$ -	0.0%
Total Administrative Fees	24,483	19,265	\$ 5,218	27.1%
Miscellaneous Revenue	-	-	\$ -	0.0%
Total Revenue	\$ 219,749	\$ 253,369	\$ (33,620)	-13.3%
General and Administrative Expenses:	September 30, 2019	2018		
Staff Salaries	\$ 112,135	\$ 149,081	\$ (36,946)	-24.8%
Staff Fringe Benefits and other Payroll expenses	94,209	64,308	\$ 29,901	46.5%
Travel expenses	730	186	\$ 544	292.5%
Rent	4,463	4,351	\$ 112	2.6%
Office expenses	810	485	\$ 325	67.0%
Telephone	807	1,950	\$ (1,143)	-58.6%
Postage and Mailing	322	470	\$ (148)	-31.5%
Advertising/Public Relations	25	144	\$ (119)	-82.6%
Insurance	4,126	2,962	\$ 1,164	39.3%
Vehicle Operating expenses	619	799	\$ (180)	-22.5%
Dues and Subscriptions	1,570	2,169	\$ (599)	-27.6%
Depreciation expense	21,645	21,645	\$ -	0.0%
Improvements and Small Equipment	-	5	\$ (5)	-100.0%
State Cost Allocation	116,546	36,254	\$ 80,292	221.5%
Attorney General Cost Allocation	7,005	5,907	\$ 1,098	18.6%
EITS Assessment	1,869	1,617	\$ 252	15.6%
Purchasing Assessment	1,618	2,043	\$ (425)	-20.8%
Credit Card Processing Fees	2,391	2,398	\$ (7)	-0.3%
Equipment Rental	897	897	\$ -	0.0%
Miscellaneous expenses	5,000	1,057	\$ 3,943	373.0%
Total General and Administrative Expenses	\$ (376,787)	(298,728)	\$ (78,059)	26.1%
Net Loss from Operations	(157,038)	(45,359)	\$ (111,679)	246.2%
Other Income (Expense)				
Capital Improvement (Depreciation)	(3,502)	\$ (3,586)	\$ 84	-2.3%
Interest Revenue	27,918	22,311	\$ 5,607	25.1%
Earnings available for program support (Net Loss)	\$ (132,622)	\$ (26,634)	\$ (105,988)	397.9%

NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
NNCC MATTRESS FACTORY
Statements of Operations
For the three months ending September 30, 2019 and 2018

	September 30, 2019	September 30, 2018	Increase (Decrease)	
			Change	Percent
Revenue:				
Sales - Mattress	\$ 129,334	\$ 33,853	\$ 95,481	282.0%
Less Cost of Sales:				
Direct Labor	\$ 4,114	1,764	\$ 2,350	133.2%
Materials	114,021	62,347	\$ 51,674	82.9%
Overhead	4,942	7,501	\$ (2,559)	-34.1%
Total Cost of Sales	(123,077)	(71,612)	\$ (51,465)	71.9%
Gross Profit	6,257	(37,759)	\$ 44,016	-116.6%
Freight Revenues	4,172	3,250	\$ 922	28.4%
Freight Expenses	(9,476)	(17,456)	\$ 7,980	-45.7%
Freight (Net of Revenues/Expenses)	(5,304)	(14,206)	\$ 8,902	-62.7%
Contribution to G & A expenses - Mattress	\$ 953	\$ (51,965)	\$ 52,918	-101.8%
General and Administrative Manufacturing Expenses:				
Salaries	4,520	6,172	\$ (1,652)	-26.8%
Fringe Benefits and other Payroll expenses	2,192	2,514	\$ (322)	-12.8%
Offender Labor - Office	1,049	730	\$ 319	43.7%
Offender Workers' Compensation Insurance	235	194	\$ 41	21.1%
Office expenses	427	646	\$ (219)	-33.9%
Building & Grounds Improvements	-	37	\$ (37)	-100.0%
Utilities	-	398	\$ (398)	-100.0%
Miscellaneous expenses	92	688	\$ (596)	-86.6%
Capitalized Institutional Overhead	(80)	906	\$ (986)	-108.8%
Total General and Administrative Manufacturing Expenses	(8,435)	(12,285)	\$ 3,850	-31.3%
Earnings available for program support (Net Loss)	\$ (7,482)	\$ (64,250)	\$ 56,768	-88.4%

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
NNCC PRINTING/BINDERY SHOP
Statements of Operations
For the three months ending September 30, 2019 and 2018**

	September 30, 2019	September 30, 2018	Increase (Decrease)	
			Change	Percent
Revenue:				
Sales	\$ 167,369	\$ 106,241	\$ 61,128	57.5%
Less Cost of Sales:				
Direct Labor	\$ 9,217	12,310	\$ (3,093)	-25.1%
Materials	75,243	54,922	\$ 20,321	37.0%
Overhead	19,841	13,127	\$ 6,714	51.1%
Total Cost of Sales	(104,301)	(80,359)	\$ (23,942)	29.8%
Gross Profit	63,068	25,882	\$ 37,186	143.7%
Freight Revenues	3,156	2,836	\$ 320	11.3%
Freight Expenses	(2,555)	(5,550)	\$ 2,995	-54.0%
Freight (Net of Revenues/Expenses)	601	(2,714)	\$ 3,315	-122.1%
Contribution to G & A expenses	\$ 63,669	23,168	\$ 40,501	174.8%
General and Administrative Manufacturing Expenses:				
Salaries	17,510	19,753	\$ (2,243)	-11.4%
Fringe Benefits and other Payroll expenses	5,601	6,587	\$ (986)	-15.0%
Offender Labor - Office	2,299	1,976	\$ 323	16.3%
Offender Workers' Compensation Insurance	313	314	\$ (1)	-0.5%
Miscellaneous Office expenses	7,049	468	\$ 6,581	1406.2%
Utilities	489	145	\$ 344	237.2%
Miscellaneous expenses	217	569	\$ (352)	-61.9%
Capitalized Institutional Overhead	1,442	(18,623)	\$ 20,065	-107.7%
Total General and Administrative Manufacturing Expenses	(35,180)	(11,189)	\$ (23,991)	214.4%
Earnings available for program support (Net Loss)	\$ 28,489	\$ 11,979	\$ 16,510	137.8%

NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
NNCC FURNITURE AND METAL
Statements of Operations
For the three months ending September 30, 2019 and 2018

	September 30, 2019	September 30, 2018	Increase (Decrease)	
			Change	Percent
Revenue:				
Sales - Furniture	\$ 67,131	\$ 34,258	\$ 32,873	96.0%
Less Cost of Sales:				
Direct Labor	\$ 4,258	21,337	\$ (17,079)	-80.0%
Materials	2,386	48,778	\$ (46,392)	-95.1%
Overhead	9,331	16,675	\$ (7,344)	-44.0%
Total Cost of Sales	(15,975)	(86,790)	\$ 70,815	-81.6%
Gross Profit	51,156	(52,532)	\$ 103,688	-197.4%
Freight Revenues	1,352	1,960	\$ (608)	-31.0%
Freight Expenses	(3,142)	(3,013)	\$ (129)	4.3%
Freight (Net of Revenues/Expenses)	(1,790)	(1,053)	\$ (737)	70.0%
Contribution to G & A expenses	\$ 49,366	(53,585)	\$ 102,951	-192.1%
 Sales - Metal	 25,950	 48,343	 \$ (22,393)	 -46.3%
Less Cost of Sales:				
Direct Labor	10,253	16,016	\$ (5,763)	-36.0%
Materials	14,107	44,699	\$ (30,592)	-68.4%
Overhead	19,220	10,841	\$ 8,379	77.3%
Total Cost of Sales	(43,580)	(71,556)	\$ 27,976	-39.1%
Gross Profit - Metal	(17,630)	(23,213)	\$ 5,583	-24.1%
Contribution to G & A expenses	(17,630)	(23,213)	\$ 5,583	-24.1%
 General and Administrative Manufacturing Expenses:				
Salaries	9,041	12,345	\$ (3,304)	-26.8%
Fringe Benefits and other Payroll expenses	4,383	5,029	\$ (646)	-12.8%
Offender Labor - Office	3,246	2,061	\$ 1,185	57.5%
Offender Workers' Compensation Insurance	792	774	\$ 18	2.3%
Travel expenses	481	-	\$ 481	100.0%
Office expenses	2,853	570	\$ 2,283	400.5%
Dues and Subscriptions	80	24	\$ 56	233.3%
Buildings & Grounds Improvements	292	121	\$ 171	141.3%
Utilities	1,678	796	\$ 882	110.8%
Miscellaneous expenses	2,345	2,689	\$ (344)	-12.8%
Capitalized Institutional Overhead	(455)	14,602	\$ (15,057)	-103.1%
Total General and Administrative Manufacturing Expenses	(24,736)	(39,011)	\$ 14,275	-36.6%
Earnings available for program support (Net Loss)	\$ 7,000	\$ (115,809)	\$ 122,809	-106.0%

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
SDCC AUTO AND UPHOLSTERY SHOP
Statements of Operations**
For the three months ending September 30, 2019 and 2018

		September 30,	September 30,	Increase (Decrease)	
Revenue:	September 30, 2019	2018	Change	Percent	
Sales From Auto/Upholstery	\$ 13,252	\$ 47,636	\$ (34,384)	-72.2%	
Less Cost of Sales:					
Direct Labor	523	15,149	\$ (14,626)	-96.5%	
Materials	10,646	8,379	\$ 2,267	27.1%	
Overhead	15,517	14,589	\$ 928	6.4%	
Total Cost of Sales	(26,686)	(38,117)	\$ 11,431	-30.0%	
Gross Profit	(13,434)	9,519	\$ (22,953)	-241.1%	
Contribution to G & A expenses - Auto/Upholstery	\$ (13,434)	\$ 9,519	\$ (22,953)	-241.1%	
Net Proceeds from Manpower Operations:					
Diamond Mountain Distributors	361	5,632	\$ (5,271)	-93.6%	
Opportunity Village	-	(61)	\$ 61	-100.0%	
Contribution to G & A expenses - Manpower Operations	361	5,571	\$ (5,210)	-93.5%	
General and Administrative Manufacturing Expenses:					
Salaries	11,665	15,287	\$ (3,622)	-23.7%	
Fringe Benefits and other Payroll expenses	5,568	3,941	\$ 1,627	41.3%	
Offender Labor - Office	2,250	1,660	\$ 590	35.5%	
Offender Workers' Compensation Insurance	293	231	\$ 62	26.8%	
Miscellaneous Office expenses	28	479	\$ (451)	-94.2%	
Telephone	134	204	\$ (70)	-34.3%	
Postage and Mailing	13	90	\$ (77)	-85.6%	
Miscellaneous expenses	459	868	\$ (409)	-47.1%	
Capitalized Institutional Overhead	(3,626)	15,651	\$ (19,277)	-123.2%	
Warranty expense	217	-	\$ 217	100.0%	
Total General and Administrative Manufacturing Expenses	(17,031)	(38,549)	\$ 21,518	-55.8%	
Earnings available for program support (Net Loss)	\$ (30,104)	\$ (23,459)	\$ (6,645)	28.3%	

NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
LCC GARMENT FACTORY
Statements of Operations
For the three months ending September 30, 2019 and 2018

	September 30, 2019	September 30, 2018	Increase (Decrease)	
			Change	Percent
Revenue:				
Sales	\$ 310,646	\$ 203,550	\$ 107,096	52.6%
Less Cost of Sales:				
Direct Labor	\$ 76,111	41,756	\$ 34,355	82.3%
Materials	86,198	86,035	\$ 163	0.2%
Overhead	34,657	20,406	\$ 14,251	69.8%
Total Cost of Sales	(196,966)	(148,197)	\$ (48,769)	32.9%
Gross Profit	113,680	55,353	\$ 58,327	105.4%
Freight Revenues	12,529	9,810	\$ 2,719	27.7%
Freight Expenses	(11,092)	(8,391)	\$ (2,701)	32.2%
Freight (Net of Revenues/Expenses)	1,437	1,419	\$ 18	1.3%
Contribution to G & A expenses	\$ 115,117	\$ 56,772	\$ 58,345	102.8%
General and Administrative Manufacturing Expenses:				
Salaries	14,391	16,346	\$ (1,955)	-12.0%
Fringe Benefits and other Payroll expenses	8,985	10,371	\$ (1,386)	-13.4%
Offender Labor - Office	4,678	4,292	\$ 386	9.0%
Offender Workers' Compensation Insurance	2,458	1,439	\$ 1,019	70.8%
Miscellaneous Office expenses	1,228	867	\$ 361	41.6%
Building and Grounds Improvements	68	136	\$ (68)	-50.0%
Utilities	321	321	\$ -	0.0%
Miscellaneous expenses	1,266	472	\$ 794	168.2%
Capitalized Institutional Overhead	(1,529)	(653)	\$ (876)	134.2%
Total General and Administrative Manufacturing Expenses	(31,866)	(33,591)	\$ 1,725	-5.1%
Earnings available for program support	\$ 83,251	\$ 23,181	\$ 60,070	259.1%

NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
PRISON RANCH
Statements of Operations
For the three months ending September 30, 2019 and 2018

Revenue:	September 30, 2019		September 30, 2018	Increase (Decrease)	
				Change	Percent
Revenue - Livestock					
Cash Sales	\$ 14,631		\$ 25,904	\$ (11,273)	-43.5%
Non-Cash Inventory Adjustments	19,190		6,550	\$ 12,640	193.0%
Total Revenue	\$ 33,821		32,454	\$ 1,367	4.2%
Less Cost of Sales:					
Direct Labor	1,576		1,691	\$ (115)	-6.8%
Materials	11,860		19,201	\$ (7,341)	-38.2%
Overhead	3,302		4,674	\$ (1,372)	-29.4%
Total Cost of Sales	(16,738)		(25,566)	\$ 8,828	-34.5%
Contribution to G & A expenses - Livestock		\$ 17,083	6,888	\$ 10,195	148.0%
Sales - Dairy	181,556		138,573	\$ 42,983	31.0%
Less Cost of Sales:					
Direct Labor	16,018		16,286	\$ (268)	-1.6%
Materials	86,517		77,796	\$ 8,721	11.2%
Overhead	61,900		22,350	\$ 39,550	177.0%
Total Cost of Sales	(164,435)		(116,432)	\$ (48,003)	41.2%
Contribution to G & A expenses - Dairy		17,121	22,141	\$ (5,020)	-22.7%
Revenue - Crops					
Sales	30,038		41,202	\$ (11,164)	-27.1%
Non-Cash Inventory Adjustments	78,165		21,984	\$ 56,181	255.6%
Total Revenue	108,204		63,185	\$ 45,019	71.2%
Less Cost of Sales:					
Direct Labor	14,819		11,288	\$ 3,531	31.3%
Materials	5,200		1,370	\$ 3,830	279.6%
Overhead	26,047		18,912	\$ 7,135	37.7%
Total Cost of Sales	(46,066)		(31,570)	\$ (14,496)	45.9%
Contribution to G & A expenses - Crops		62,138	31,615	\$ 30,523	96.5%
Boarding Fees - Estray Horses	-		2,484	\$ (2,484)	-100.0%
Less Cost of Sales:					
Direct Labor	-		-	\$ -	0.0%
Materials	-		883	\$ (883)	-100.0%
Overhead	-		-	\$ -	0.0%
Total Cost of Sales	-		(883)	\$ 883	-100.0%
Contribution to G & A expenses - Estray Horse Boarding		-	1,601	\$ (1,601)	-100.0%
Boarding Fees - BLM (Wild) Horses	430,278		384,713	\$ 45,565	11.8%
Less Cost of Sales:					
Direct Labor	26,602		16,252	\$ 10,350	63.7%
Materials	185,161		165,380	\$ 19,781	12.0%
Overhead	65,869		46,604	\$ 19,265	41.3%
Total Cost of Sales	(277,632)		(228,236)	\$ (49,396)	21.6%
Contribution to G & A expenses - BLM Wild Horse Boarding		152,646	156,477	\$ (3,831)	-2.4%
Composting Project	24,099		22,423	\$ 1,676	7.5%
Less Cost of Sales:					
Direct Labor	11,509		11,743	\$ (234)	-2.0%
Materials	-		-	\$ -	0.0%
Overhead	-		-	\$ -	0.0%
Total Cost of Sales	(11,509)		(11,743)	\$ 234	-2.0%
Contribution to G & A expenses - Composting Project		\$ 12,590	\$ 10,680	\$ 1,910	17.9%

NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
PRISON RANCH
Statements of Operations
For the three months ending September 30, 2019 and 2018
(Continued)

	September 30, 2019	September 30, 2018	Increase (Decrease)	
			Change	Percent
General and Administrative Ranch Expenses:				
Salaries - Staff	\$ 66,665	\$ 66,331	\$ 334	0.5%
Fringe Benefits and other Payroll expenses	29,056	28,602	\$ 454	1.6%
Offender Labor - Office	4,303	2,367	\$ 1,936	81.8%
Offender Workers' Compensation Insurance	1,773	1,413	\$ 360	25.5%
Travel expenses	-	1,378	\$ (1,378)	-100.0%
Miscellaneous Office expenses	506	445	\$ 61	13.7%
Telephone Expenses	159	157	\$ 2	1.3%
Postage and Mailing	1	-	\$ 1	100.0%
Insurance	2,633	2,675	\$ (42)	-1.6%
Dues and Subscriptions	-	1,194	\$ (1,194)	-100.0%
Buildings and Grounds Improvements	-	12,011	\$ (12,011)	-100.0%
Utilities	15,547	16,255	\$ (708)	-4.4%
EITS Assessment	590	511	\$ 79	15.5%
Purchasing Assessment	2,052	2,292	\$ (240)	-10.5%
State Cost Allocation	5,138	4,349	\$ 789	18.1%
Administration Fees	12,000	12,000	\$ -	0.0%
Miscellaneous expenses	757	464	\$ 293	63.1%
Total General and Administrative Manufacturing Expenses	\$ (141,180)	\$ (152,444)	\$ 11,264	-7.4%
Earnings available for program support	\$ 120,397	\$ 76,958	\$ 43,439	56.4%

NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
SCHEDULE OF INTERFUND SALES
For the three months ending September 30, 2019 and 2018

	PER STATEMENTS OF OPERATIONS	INTERFUND SALES		AFTER REMOVING INTERFUND SALES		Increase (Decrease)	
	September 30, 2019			September 30, 2018		Change	Percent
Revenue:							
Industry Sales	\$ 713,682	\$ (2,111)	\$ 711,571	\$ 465,655		\$ 245,916	52.8%
Less Cost of Sales	(510,585)	942	(509,643)	(489,193)		\$ (20,450)	4.2%
Gross Profit from Industry Sales	203,097	(1,169)	201,928	(23,538)		\$ 225,466	-957.9%
Ranch Sales	777,958	(392,736)	385,222	643,832		\$ (258,610)	-40.2%
Less Cost of Sales	(516,380)	392,736	(123,644)	(414,430)		\$ 290,786	-70.2%
Gross Profit from Ranch Sales	261,578	0	261,578	229,402		\$ 32,176	14.0%
Freight (Net of Revenues/Expenses)	(5,056)		(5,056)	(16,554)		\$ 11,498	-69.5%
General Manufacturing							
Expenses:							
Staff Salaries	123,792		123,792	136,234		\$ (12,442)	-9.1%
Staff Fringe Benefits and other Payroll expenses	55,785		55,785	57,044		\$ (1,259)	-2.2%
Offender Labor—Office	17,825		17,825	13,086		\$ 4,739	36.2%
Offender Workers' Compensation Ins.	5,864		5,864	4,365		\$ 1,499	34.3%
Travel expenses	481		481	1,378		\$ (897)	-65.1%
Office expenses	12,091	(1,144)	10,947	3,101		\$ 7,846	253.0%
Telephone	293		293	361		\$ (68)	-18.8%
Postage and Mailing	14		14	90		\$ (76)	-84.4%
Insurance	2,633		2,633	2,675		\$ (42)	-1.6%
Dues and Subscriptions	340		340	1,218		\$ (878)	-72.1%
Improvements and Small Equipment	-		-	138		\$ (138)	100.0%
Improvements	390		390	12,305		\$ (11,915)	-96.8%
Utilities	18,035		18,035	17,915		\$ 120	0.7%
ELTS Assessment-Ranch	590		590	511		\$ 79	15.5%
Purchasing Assessment-Ranch	2,052		2,052	2,292		\$ (240)	-10.5%
State Cost Allocation-Ranch	5,138		5,138	4,349		\$ 789	18.1%
Administrative Fees	12,000		12,000	12,000		\$ -	0.0%
Miscellaneous expenses	5,136		5,136	5,750		\$ (614)	-10.7%
Capitalized Institutional Overhead	(4,248)		(4,248)	11,883		\$ (16,131)	-135.7%
Warranty expense	217		217	-		\$ 217	100.0%
Total General Manufacturing							
Expenses:	(258,428)	(1,144)	(257,283)	(286,695)		\$ 29,412	-10.3%
Net Income from Operations:	\$ 201,191	\$ 25	\$ 201,166	\$ (97,384)		\$ 298,550	-306.6%

NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
SCHEDULE OF INTERFUND SALES
For the three months ending September 30, 2019 and 2018
(Continued)

	PER STATEMENTS OF OPERATIONS	ELIMINATION ENTRIES	AFTER REMOVING INTERFUND SALES			
	September 30, 2019		September 30, 2018	Increase (Decrease) Change	Percent	
General and						
Administrative Expenses:						
Staff Salaries	\$ 112,135		\$ 112,135	\$ 149,081	\$ (36,946)	-24.8%
Staff Fringe Benefits and other Payroll expenses	94,209		94,209	64,308	\$ 29,901	46.5%
Travel expenses	730		730	186	\$ 544	292.5%
Rent	4,463		4,463	4,351	\$ 112	2.6%
Office expenses	810		810	485	\$ 325	67.0%
Telephone	807		807	1,950	\$ (1,143)	-58.6%
Postage and Mailing	322		322	470	\$ (148)	-31.5%
Advertising/Public Relations	25	\$ (25)	-	-	\$ -	0.0%
Insurance	4,126		4,126	2,962	\$ 1,164	39.3%
Vehicle expenses	619		619	529	\$ 90	17.0%
Dues and Subscriptions	1,570		1,570	2,169	\$ (599)	-27.6%
Depreciation expense	21,645		21,645	21,645	\$ -	0.0%
Improvements and Small Equipment	-		-	5	\$ (5)	-100.0%
State Cost Allocation	116,546		116,546	36,254	\$ 80,292	221.5%
Attorney General Cost Allocation	7,005		7,005	5,907	\$ 1,098	18.6%
EITS Assessment	1,869		1,869	1,617	\$ 252	15.6%
Purchasing Assessment	1,618		1,618	2,043	\$ (425)	-20.8%
Credit Card Processing Fees	2,391		2,391	2,398	\$ (7)	-0.3%
Equipment Rental	897		897	897	\$ -	0.0%
Miscellaneous expenses	5,000		5,000	1,057	\$ 3,943	373.0%
Total General and Administrative Expenses	(376,787)	(25)	\$ (376,762)	(297,417)	\$ (79,345)	26.7%
Other Income (Expenses)						
Interest Revenue	27,918		27,918	22,311	\$ 5,607	25.1%
License Plate Fees	144,015		144,015	186,487	\$ (42,472)	-22.8%
Capital Improvement (net)	13,049		13,049	14,331	\$ (1,282)	-8.9%
Rental Income	34,700		34,700	29,700	\$ 5,000	16.8%
Administrative Fees	24,844		24,844	24,836	\$ 8	0.0%
Earnings Available for Program Support (Net Loss)	\$ 68,930	\$ (0)	\$ 68,930	(117,136)	\$ 186,066	-158.8%

**STATUS OF FUND FOR NEW CONSTRUCTION OF FACILITIES FOR
PRISON INDUSTRIES NRS 209.192.**

FUND FOR NEW CONSTRUCTION OF FACILITIES FOR PRISON INDUSTRIES
Historical Revenues and Expenditures for FY 2015 through FY 2020 YTD

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020 YTD
<i>Beginning Balance:</i>	\$ 539,940	\$ 303,821	\$ 371,715	\$ 443,622	\$ 345,766
Revenue:					
Inmate Wage Assessments:	\$ 58,508	\$ 65,161	\$ 66,219	\$ 74,292	\$ 16,550
Interest Income:	\$ 2,490	\$ 2,725	\$ 5,688	\$ 9,085	\$ 2,240
Rebate:		\$ 7			
<i>Total Revenue:</i>	\$ 60,999	\$ 67,893	\$ 71,907	\$ 83,378	\$ 18,790
Expenditures Incurred:	\$ 297,118	\$ -	\$ -	\$ 181,235	\$ -
<i>Ending Balance:</i>	\$ 303,821	\$ 371,715	\$ 443,622	\$ 345,765	\$ 364,556