

Minutes of
Nevada Legislature's Interim Finance Committee's
Prison Industry Advisory Board
Nevada Department of Education, 700 East Fifth Street Carson City, Nevada
Board Conference Room
October 29, 1996

COMMITTEE MEMBERS PRESENT:

Assemblyman John Marvel, Chairman

Senator Lawrence Jacobsen, Vice Chairman

Assemblyman Morse Arberry, Jr.

Bob Bayer, Director, Department of Prisons

Bill Moell, Administrator, Purchasing Division

Al Puliz, President, Puliz Moving and Storage

COMMITTEE MEMBERS ABSENT:

Senator Raymond Rawson, Excused

Mary K. Foster, CEO, Ethel M. Chocolates, Excused

Mike Magnani, Labor Union Representative, Excused

Bruce Aguilera, Vice President/General Counsel, Mirage, Excused

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

Robert A. Guernsey, Principal Deputy Fiscal Analyst

Gary L. Ghiggeri, Principal Deputy Fiscal Analyst

Debbra J.King, Program Analyst

Risa L. Berger, Principal Deputy Legislative Counsel

Kristen Bullock, Deputy Legislative Counsel

Allison Combs, Senior Research Analyst

Denise Nielsen, Secretary

OTHERS PRESENT:

Howard Skolnik, Deputy Director, Prison Industries

Cameron Vandenberg, Deputy Attorney General, Prison Industries

John McCuin, Chief of Fiscal Services for Prison Industries

Exhibits:

Exhibit A is the meeting Notice and Agenda.

Exhibit B is the attendance roster.

Exhibit C is a copy of the Prison Industry Program Report presented to IFC on September 11, 1996.

Exhibit D is a statement of profit/loss for Silver State Industries.

Exhibit E is the Annual Report Year Ending June 30, 1996, for the Silver State Industries.

Exhibit F is the Operating Statements for the Quarter Ending September 30, 1996 for Silver State Industries.

Exhibit G is a handout from Bob Guernsey on DMV-PS License Plate Production.

Exhibit H is a copy of a memo from Ginny Lewis, Budget Analyst, to Frank Adams, Chief Administrative Services, Department of Motor Vehicles and Public Safety.

Exhibit I is a copy of NRS 482.267 on Vehicle Licensing, Registration.

Exhibit J is information regarding a proposed industry program, Mr. Floppy.

Exhibit K is a memos of September 16, 1996, and October 16, 1996. from Howard Skolnik regarding Prison Industries Plans.

Exhibit L is a handout referring to an IFC consideration for the November 20, 1996, meeting.

1. Roll Call.

After requesting the secretary call the roll for the committee, Chairman Marvel indicated a quorum was present.

2. Approval of Minutes of June 13, 1996, Meeting.

ASSEMBLYMAN ARBERRY, JR. MOVED THE MINUTES OF JUNE 13, 1996, MEETING BE APPROVED AS PRESENTED. THE MOTION WAS SECONDED BY BILL MOELL. THE MOTION CARRIED UNANIMOUSLY .

3. Status of Correctional Industries.

(A) Overview of Program-Report to Interim Finance Committee Meeting of September 11, 1996.

Howard Skolnik, Deputy Director, Prison Industries, reviewed the Prison Industry Program report by Robert A. Guernsey, Principal Deputy Fiscal Analyst, Legislative Counsel Bureau, under item 3A in the packet (Exhibit C), which was presented to the Interim Finance Committee on September 11, 1996.

(B) Review of Schedule of Inmates Employed

Mr. Skolnik related that the Prison Industries program is maintaining a work force of approximately 320 to 325 inmates. Mr. Skolnik informed the Prison Advisory Board that Bently Nevada will not be relocating to the new women's prison in southern Nevada. He explained that Bently Nevada is cutting back their operation and will be phasing out of the current operations at Nevada Women's Correctional Center (NWCC) in April, 1997. In reference to Chairman Marvel's question on alternative programs, Mr. Skolnik explained they had just received the information on Bently Nevada's cancellation and would be working with Correctional Corporation of America (CCA) in developing an Industry Program for the women's facility in southern Nevada. Responding to a question from Chairman Marvel on the availability of an area for a Prison Industries' Program in the new womens' prison, Mr. Skolnik answered the new facility has that capacity.

Bob Bayer, Director, Department of Prisons, advised the Advisory Committee of the possibility of a new program for the southern Nevada women's prison with the Department of Motor Vehicles & Public Safety.

(C) Profit/Loss Comparisons FY 1996, FY 1995, and FY 1994.

Referring to the Silver State Industries Profit/Loss statement (Item 3C in the packet, Exhibit D), Mr. Skolnik pointed out the primary difference in numbers was due to the exceptional job performance by the Furniture and Upholstery Program in FY 1995 and the large contracts received that year.

In reference to Chairman Marvel's question on the construction for the new Lovelock facility, Mr. Skolnik discussed possible plans of construction work for Prison Industries for the Lovelock Phase II Prison and the new women's prison (Southern Nevada). He advised that through the efforts of Mr. Raecke, Manager, State Public Works Board, Prison Industries may produce 300 drafting tables for the UNLV School of Architecture.

**(D) Schedule of Wage Assessments
FY 1996.**

Mr. Skolnik expressed concern in reference to the costs paid by Vinyl Products for a correctional officer utilized by that program. He advised the Board that Vinyl Products is the only private industry program in Nevada that funds the cost of a correctional officer at this time. Mr. Skolnik related that if the cost of the correctional officer could be at least be split between Vinyl Products and the state, they may be able to retain the Vinyl Products program. In reference to Chairman Marvel's question if the cost of this correctional officer would be in the budget for the 1997-99 biennium, Mr. Skolnik answered he did not concur this cost should be in Prison Industry's budget, as the room and board payments go to the general fund.

Directing his question to Mr. Bayer, Chairman Marvel asked if the cost of the correctional officer had been considered in Department of Prison's budget. Mr. Bayer answered that this issue came up after the Department of Prison's budget had been submitted to the Department of Administration. He related that he and Mr. Skolnik had discussed the legalities of shifting the responsibility of the cost.

Al Puliz asked for clarification on if they were discussing the estimated cost of the position of the correctional officer per year or only the few months of down time. Mr. Skolnik estimated the cost of the correctional officer at \$40,000 to \$45,000 per year. Mr. Skolnik advised the Board that Vinyl Products has related that the problem is they have no control over the security position which they have to pay for, Vinyl Products does not get to select the individual, and they cannot direct the duties to do other things when there is down time.

Mr. Skolnik stated that the agreement with Vinyl Products was originally structured with a 50/50 split of cost on this correctional officer.

Gary Ghiggeri, Principal Deputy Fiscal Analyst, Legislative Counsel Bureau, related that, in his opinion, the contract in the 1980's between Vinyl Products and the state was that Vinyl Products would fund the correctional officer.

John McCuin, Chief of Fiscal Services for Prison Industries, related that in reviewing

past records, it appeared the inmates were assessed the cost of the correctional officer's salary until the room and board came into effect. He explained that once the cost of room and board was assessed, it was decided too much of a burden was placed on the inmates and the cost was shifted to Vinyl Products.

Mr. Ghiggeri commented he did not recall this change being brought back to the Board for their review.

Mr. Skolnik related that the change would have been prior to the establishment of the Prison Industry Advisory Board. In reference to Chairman Marvel's question, Mr. Skolnik advised that Vinyl Products came into the Prison Industry Program in 1984 with certification in 1985.

Mr. Bayer related there were two programs when Prison Industries first started, the "Blood Bank" and Vinyl Products. He explained that Vinyl Products was patterned after the "Blood Bank" who also paid for their correctional officer. Mr. Bayer stated he has directed Mr. Skolnik to have the legality of shifting

the burden of the cost researched.

Chairman Marvel suggested the Board give further consideration to the burden of the correctional officer's salary to alleviate the possible loss of the Vinyl Products Program.

4. Review of FY 1996 Annual Reports.

Referring to the Consolidated Balance Sheet (Exhibit E, Pages 1 and 2, Pages 30 and 31 in the Packet), Mr. McCuin, pointed out that the cash is broken down into three budget account, Unrestricted- Prison Industries # 3719, Prison Ranch # 3727, and Restricted- P I Capital Projects # 3728. Responding a question from Chairman Marvel, Mr. McCuin advised the Prison Industries was fairly liquid at this time. Mr. McCuin said that the accounts receivable has dropped \$300,000 between the two fiscal years. He explained that when monthly statements are sent out, if an account is over 90 days old, a letter is attached to the statement requesting payment. If necessary, a certified letter is sent requesting arrangements for payment be made within 30 days. If there is no response to this request, the account is then turned over to the State Controller's Office. Mr. McCuin advised the Board that Prison Industries has had no response from the Controller's Office on accounts "turned over" to them.

Mr. McCuin explained that Treasurer's Interest Receivable is interest received on the idle cash based on all three funds and is deposited into the 3719 account. A journal voucher is used to transfer the allocated portion of the interest transferred back to the PI Capitol account from the 3719 account.

Mr. McCuin advised that the reduction in the figures for Livestock is due to the discontinuation of milk for the second feeding at Northern Nevada Correctional Center (NNCC) necessitating in a decrease of the dairy herd to meet the reduction of the provision of milk.

Mr. McCuin pointed out that the Inventories' total represented the raw materials and operating supplies for the various shops.

Mr. McCuin advised that the figure for the Harvested Crops was the value for hay that was not utilized at year end. Responding to a question from the Chairman, Mr. McCuin related that the hay was valued at a range of \$70 to \$100 per ton, depending on the quality of the hay.

In reference to Chairman Marvel's question on the amount of land left to be developed by Prison Dairy/Ranch, Senator Jacobsen related there was a small amount of land left along the river.

Reviewing the liabilities on the consolidated balance sheets, Mr. McCuin, pointed out that, per the Controller's Office, the Accrued Compensated Absences' figure reflects maximum totals as if each employee will complete 30 years of service.

Senator Jacobsen requested a list of the doubtful accounts receivable and a status report on uncollectible accounts referred to the State Controller's Office.

In reference to Chairman Marvel's concern on why the State Controller's Office has not been following up on these referred accounts, Mr. McCuin stated that he is planning to request the status of the previous accounts referred when the next batch of accounts are referred to the State Controller's Office. He explained that some of these probable non-collectable accounts are four or five years old and must be carried on the books until the Controller's Office or the Attorney General's Office directs their removal.

In response to Assemblyman Arberry's question on how much had been written off, Mr. McCuin said the total Bad Debt Expense for the previous year was \$24,000. Referring to the Bad Debt Expense (Item 4, Page 34 in the Packet, Exhibit E, Page 5) he explained that the difference of \$8,000 is the increase on the current balance sheet.

Chairman Marvel commended Mr. McCuin on the Notes to Financial Statements, relating they provided the Committee with a better understanding of the financial statements.

Referring to the Notes to Financial Statements, (Item 4, Pages 57-65 in the Packet, Exhibit E Pages 28-36), Mr. McCuin reviewed each of the footnotes for the Advisory Board. He explained that most of the notes apply to the balance sheet.

Mr. McCuin explained that the dairy livestock is no longer capitalized and depreciated. He stated the cows are now carried on the books at \$800 and usually sold at \$400 each.

In reference to Mr. Ghiggeri's question if Prison Industries was writing off debts from state agencies as uncollectable debts, Mr. Skolnik explained these are old debts that were carried on accounts, but were paid off that need to be cleaned up. Mr. Ghiggeri asked for clarification if these were then correction entries and not uncollectables from state agencies. Mr. McCuin stated Prison Industries has no debts that they know is a legitimate debt which the state agency refuses to pay.

In reference to the accuracy of the annual report statements, Mr. McCuin explained that the statements have not yet been reconciled with the State Controller's Office. He advised that most of the time the Prison Industries would adjust their records to agree with the State Controller's records.

Referring to Page 2 of the handout (Exhibit F) of the Operating Statements for the quarter ending September 30, 1996, Mr. Skolnik pointed out that Prison Industries is still operating profitably. He advised the Board that the Southern Desert Correctional Center (SDCC) had a loss of \$5,000 during the first quarter. Answering a question from the Chairman, Mr. Skolnik related that Ely had a \$10,000 loss. Mr. Skolnik stated that the Ely facility has over \$30,000 in open orders and he predicted this facility should break even this year.

In reference to Chairman Marvel's question on what interest rate was being earned on the cash by the State Treasurer, Mr. McCuin answered that it was earning between 6¼ and 7½ percent.

5. Presentation from DMV on Licence Plates Program and Revenues-NRS 482.268.

Chairman Marvel advised the Board that correspondence had been received from the Department of Motor Vehicles (DMV) concerning the reconciliation of the 50¢ fee per license plate.

Referring to the handouts, DMV-PS License Plate Production and the memorandum dated October 24, 1996, from Ginny Lewis to Frank Adams, (Exhibits G and H), Robert A. Guernsey, Principal Deputy Fiscal Analyst, related that the Fiscal Division had endeavored to obtain a reconciliation from DMV & PS on this issue. Mr. Guernsey pointed out that the license plate production has increased from 637,831 in FY 1993 to 1,106,672 in FY 1996. Mr. Guernsey explained that NRS 482.267 (Item 5, Page 67 in the Packet, Exhibit I) requires a 50¢ per license plate sold be paid to Prison Industries to defray the cost of producing the license plate. He advised the Board that DMV & PS is selling souvenir and exempt plates (such as Veterans of War, Highway Patrol, and NDOT plates) and not collecting the fee on these type of plates.

Debbra King, Program Analyst, Fiscal Division, Legislative Counsel Bureau, related that she had been in contact with Bruce Manning (DMV & PS Registration) who is in charge of the license plate factory. Mr. Manning indicated uncertainty on whether or not the 50¢ is being charged/paid.

Chairman Marvel requested that one of the legal representatives provide an interpretation of the law on the souvenir and exempt plates. Kristen Bullock, Deputy Legislative Counsel, offered to research and report her findings at the next meeting.

Ms. King advised the Board that the souvenir plates display a sticker stating they cannot be used on a motor vehicle. Answering a question from the Chairman, Ms. King advised that DMV indicated that they should be collecting on the exempt plates. She related that DMV has requested additional time to reconcile the plate production back to the transfers and how many plates were issued. Ms. King stated that every new car registration does not generate a new plate, since old plates can be transferred from an old car to a new car. She related that DMV does not track the number of plates being issued.

In reference to Chairman Marvel's question as to when DMV would respond to this issue, Mr. Guernsey stated he spoke with Jim Weller, Director DMV, who requested their presentation of this discussion be removed from the agenda until the next Prison Industry Advisory Board Meeting in order for them to more properly reflect what funds should be transferred to Prison Industries. Mr. Guernsey advised the Board that DMV has requested information from the offices that issue plates throughout the state to aid in their reconciliation. In reference to the legality of the 50¢ fee, Mr. Guernsey explained that fee was approved by the legislature in 1987 to offset some of the expenses associated with operating the license plate factory.

Chairman Marvel stated that LCB had done extensive research on certain costs affiliated with Prison Industry and the Department of Prisons that are not provided for by DMV justifying the 50¢ assessment. Chairman Marvel stated that this is over \$100,000 which represents a significant difference in the Prison Industries' cash flow.

Mr. Skolnik advised the Board that the facility for license plate production is one of the best facilities for Prison Industries that exists in Nevada in terms of the lay-out and structure. He explained it is not simply a matter of direct costs of operating, but the loss of use of the ground space to Prison Industries.

Chairman Marvel questioned if there was a possibility that the Director of DMV was negotiating with Washoe County to move the license plate facility from the State Prison to Washoe County Jail. Mr. Skolnik replied that he was on the advisory board for Washoe County Jail Industries and had not heard discussion on this issue. He advised that Washoe County does not have space for such a facility. Mr. Skolnik stated that the Washoe County Jail Industry Advisory Board would be meeting in November and he offered to inquire about the possibility of such negotiations.

Mr. Ghiggeri advised the Board that in 1987 when the Legislature implemented the 50¢ fee, they also mandated that DMV & PS acquire the license plates from the factory located at the State Prison. He explained to move the license plate production facility would require a statutory change.

In reference to the research of NRS 482.268, Mr. Bayer stated he could see the conflict in respect to the souvenir plate with issue to a motor vehicle; however, the intent to defray the cost of producing the license plate infers all plates.

Mr. Moell related that there was a problem with the compatibility of the purchased aluminum working with the old equipment. He questioned if this was DMV's justification to relocate or if this was a need for new equipment for Prison Industries in the near future. Mr. Skolnik advised the Board that there is some need for replacement of equipment. Answering a question from the Chairman, Mr. Skolnik stated that the cost of raw material, the equipment, and the direct supervision of the license plate production are the responsibility of DMV & PS.

Senator Jacobsen suggested that the statute be amended to define which plates will be charged and have everything spelled out. Ms. Bullock agreed to work on the revision of the statute.

Mr. Marvel stated that for the next meeting they would have a report from DMV & PS complemented by Ms. Bullock's report on legal's research.

6. Follow-up on Industry Programs from the June 13, 1996 meeting.

(A) Lions Club- Clark County.

Mr. Skonik advised the Board that the Clark County School Board would be certifying a member of the Lions Club as a teacher to instruct the reading of eye glass prescriptions at Southern Nevada Correctional Center (SNCC). The Lions Club hopes to purchase a trailer to relocate to SWCC and expand the program. Mr. Skonik advised that Prison Industries is expecting this educational service program to be converted to an operational program within one year which could employ about 50 inmates at SWCC.

7. Discussion of Potential New Industry Programs-NRS 209.4814.

(A) Mr. Floppy.

Referring to the information in the packet (Item 7A, Exhibit J), Mr. Skolnik advised the Board that the company, Mr. Floppy Discount Computers of Ocala, Inc., would employ approximately 130 inmates in the manufacturing of floppy disks exclusively for sale to government agencies which would avoid requirement of minimum wage payment. Mr. Skolnik advised that the program would terminate after approximately five years, as the 3½ inch disk would probably become obsolete in government use after that time. He related that the location planned for the program is the Lovelock Correctional Center (LCC) with a target date for opening in the summer of 1997. Mr. Skolnik expressed Mr. Bayer's concern for security and the need for precautionary measures to insure the control of the disks.

SENATOR JACOBSEN MOVED FOR APPROVAL OF PRISON INDUSTRIES PURSUING NEGOTIATIONS WITH MR. FLOPPY. MR. PULITZ SECONDED THE MOTION. THE MOTION CARRIED.

(B) SR-Skidmore-Roth Marketing Service, Inc. (Eric L. DOS).

Referring to the letter of September 16, 1996, in the packet (Item 7B, Exhibit K), Mr. Skonik , explained

that S-R Skidmore-Roth Publishing is a company that sells medical books. Responding to a question from Chairman Marvel, Mr. Skolnik said Prison Industries was considering the Southern Nevada Correctional Center (SNCC) located at Jean to house the potential program. He advised the program would employ 15 to 20 inmates at minimum wage.

SENATOR JACOBSEN MOVED FOR APPROVAL OF PRISON INDUSTRIES PURSUING NEGOTIATIONS WITH SR-SKIDMORE-ROTH MARKETING SERVICE, INC. THE MOTION WAS SECONDED BY MR. MOELL. THE MOTION CARRIED.

(C) Other Potential New Industry Programs.

Mr. Skolnik discussed the previously approved program of pallet manufacturing. He stated that the company they are negotiating with was satisfied with the work Prison Industries did on painting pallets at NNCC. Mr. Skolnik stated that they are hoping for a contract with this pallet company that will provide for the employment of 40 to 50 inmates at the Lovelock facility. He explained that this company has a patented product of pallet manufacturing for a medal pallet weighing 35 that is accessible from all four corners and all four sides of the pallet. Mr. Skolnik continued, noting that the pallets have a five year guarantee, as opposed to the six month life expectancy of a wooden pallet. He advised the pallet can be manufactured in stainless steel to accommodate health facilities' usage.

In response to Assemblyman Arberry's question on auto detailing training for inmates, Mr. Skolnik related that if training was limited to staff vehicles, it could work. He expressed concern that such a program could cause problems in terms of competition from the private sector if detailing went beyond staff vehicles. Mr. Skolnik advised that the inmates involved in the Imperial Palace Program at SDCC are receiving extensive training in detailing since the autos are displayed in a showcase environment. Assemblyman Arberry related that such training would be beneficial. He explained that since many jobs require bonding or a sheriff's card, occupations are limited for prisoners who are released.

Senator Jacobsen expressed concern for the programs that are not making a profit. He questioned if the new program for pallets would be housed under the NNCC Metal Shop. Mr. Skolnik related that Item 10 on the agenda would address many of Senator Jacobsen's concerns. Mr. Skolnik related that the pallet program would become a new industry with a lease situation, not part of one of the existing operations. He said that supervision, equipment, and material would be provided by the company and they would pay rent and utilities. Answering a question of Senator Jacobsen, Mr. Skolnik advised he was not sure the metal would be recyclable, but the majority of the pallets would be shipped out of state.

8. Discussion of Need for Prison Industry Programs at Lovelock Correctional Facility.

Mr. Skolnik stated that since discussion had already transpired on the programs for metal pallets and Mr. Floppy for the Lovelock facility, the remaining program to be discussed was the production of the ambulances at Lovelock. He related that the program for the production of ambulances may not come into fruition, as the company involved has recently made changes in management. Mr. Skolnik continued, stating that Prison Industries is carrying the company in the area of back debts. He related that there is a dispute as to the amount owed to Prison Industries by the ambulance company and until the issue of back debt is resolved, a commitment for expansion will not be negotiated.

Chairman Marvel related it would be a long lasting, substantial industrial program as the prototype of the ambulance was impressive. Mr. Skolnik advised the Board that at the current production rate the ambulance company demanded, their needs could be met at the NNCC operation without creating a new operation.

Senator Jacobsen related a concern for a need for promotion of programs in-house for the inmates in the honor camps. Mr. Skolnik related that to establish industry programs in honor camps would require statutory change. Mr. Skolnik advised that the camps have a high inmate turn over, requiring an unskilled, small program. He explained that if there is a fire, the industry program would shut down while the inmates leave to fight the fire. Senator Jacobsen related that the camps could install headstones as they have programs to clean the cemeteries. Chairman Marvel stated these programs may be more under the control of honor camps rather than an actual industry program.

Chairman Marvel requested that Director Bayer inform the Board as what is transpiring at the Lovelock facility. Mr. Bayer related that a stop work injunction has been filed on the Phase II Project, creating delays with the possibility of continued delays of three to six months on the housing project. He explained there is a dispute between

the contractor and the subcontractor in which the subcontractor has brought the litigation into federal court, verses the state court. He related that he testified in court that the delays would cost the state for placement of inmates out of state if the facility were delayed. He explained the subcontractor was required to file a bond for \$400,000 in case they lose the case to cover a portion of out of state cost for housing inmates. Mr. Bayer related the Attorney General's (AG) office is reviewing contracts for out of state placement of inmates and that, in his opinion, the \$400,000 would not suffice for the cost of out of state housing. In reference to Assemblyman Arberry's question concerning whether the AG's office could step in and require completion of the project prior to litigation, Mr. Bayer stated he would provide a copy of Judge Reed's order to Chairman Marvel for distribution to the Board. Mr. Bayer stated there was nothing that the Department of Prisons could do short of the appeal which they are following up on. In reference to Chairman Marvel's concern for violation of any of the consent decrees, Mr. Bayer explained they had been released from all consent decrees except for the Stickney Agreement at NNCC. Mr. Bayer stated that the money committees wisely set aside \$8 million for circumstances of population considerations. Chairman Marvel expressed concern that a Federal Judge's order could generate this drastic situation. Assemblyman Arberry questioned if the funds could be diverted to an entirely new prison and transfer funds back to the Lovelock Prison once the litigation was completed. Chairman Marvel advised the \$8 million would perhaps cover planning, but would not go far.

Chairman Marvel questioned if the status of the Prison Industry Building was also on hold. Answering Chairman Marvel, Mr. Bayer said as he read the order, the Prison Industry Building at Lovelock would not be on hold. Referring to earlier discussions on using the Prison Industry Building to house inmates, Mr. Guernsey questioned if this was still a consideration and possible solution to the court order. Mr. Bayer answered this was one of the items that they are investigating as well as a possibility with the bank.

9. Economic Impact Study.

Mr. Skolnik advised the Board that he had contacted and received a proposal for an economic impact study on prison industries in Nevada from the Enterprise Prison Institute, in Washington D.C. Mr. Skolnik related that the study would cost approximately \$25,000 and the Prison Industry Advisory Board would be the primary beneficiary of the study. In reference to Chairman Marvel's question, Mr. Skolnik related that for that the study would provide information as to how Prison Industry impacts the state's job and employment market; strategies that could be implemented to effect positive change on the job market and the means to create new jobs; impact on competition; impact on the cost of state procurement; effect of the economic impact thru recruitment, hiring, and promotional practices on state civil service; measurable cost of operations to the Department of Prisons; and the effect of the program if it should expand to reach 20 per cent of the population. Mr. Skolnik agreed to Chairman Marvel's request to have copies of the proposal from Enterprise Prison Institute sent to Mr. Guernsey and Mr. Ghiggeri for review. In reference to Chairman Marvel's question, Mr. Skolnik advised that a work program would have to be submitted to secure appropriate funding for the study.

SENATOR JACOBSEN MOVED FOR APPROVAL OF PRISON INDUSTRIES PURSING
NEGOTIATIONS WITH ENTERPRISE PRISON INSTITUTE FOR THE ECONOMIC
IMPACT STUDY. MR. PULIZ SECONDED THE MOTION. THE MOTION CARRIED.

10. Prison Industry Plans.

Referring to the memos of September 16, 1996, and October 11, 1996, (Item 10 in the packet, Exhibit K), Mr. Skolnik reviewed the outline of an appraisal process and plans for direction for each institution. Mr. Skolnik related that on October 8, 1996, Prison Industry and Personnel had implemented a formal evaluation process for the institutional programs. The evaluation teams consist of the two marketing coordinators, the Chief of Fiscal Services for Prison Industries (John Mcuin), and the Deputy Director of Prison Industries (Howard Skolnik). Mr. Skolnik explained that this evaluation would concentrate on each shop to determine growth objectives and goals. Mr. Skolnik related that information would be provided to the Board on the results of the evaluations and recommendations.

Mr. Bayer discussed specialization and regionalization for industries and the possibility of negotiating amongst the states for products. He related that there would be a meeting of the directors in the near future to address these prospects. Mr. Skolnik added that the Western Correctional Industries Association would be a meeting November 11 and 12 in Las Vegas which would be an opportune time for such discussions. In reference to Chairman Marvel's question on attendance, Mr. Skolnik answered all but three states in the region would be represented.

Mr. Moell questioned if Prison Industries would consider production of signs as a potential industries. Mr. Skolnik replied that the NNCC currently made signs for other agencies or at NSP if silk screening is required.

11. Information Items.

**(B)
Proposed
Changes-
Federal
Certification
Program.**

In response to a question from the Chair, Mr. Skolnik replied that since the changes to the Prison Industries Enhancement (PIE) program are proposed, Prison Industries is not certain of the effect of the changes. He said the initial reading of the changes indicates it will help out with the position Prison Industries has taken on deductions of taxes, withholding, social security, family support, and victims compensation. He explained that the position that has been worked out with the Internal Revenue System (IRS) is the position they will be allowed to maintain.

(C) Prisoner Federal Minimum Wage.

Mr. Skolnik related that Senators Reid's amendment to exempt federal inmates from the Fair Labor Standard Act was defeated. Mr. Skolnik stated that this would not affect Prison Industries as much as it would impact on the rest of the prison system. He continued, saying Prison Industries has raised the wages to \$4.75 per hour in accordance with the new Federal Minimum wage, however, Prison Industries could absorb part of the cost of the increase.

(A) Office Furniture and State Purchasing.

Mr. Moell stated that State Purchasing is pleased to have an inventory of office furniture in the Reno warehouse with one complete unit on display. He said they have shipped furniture to Winnemucca, Elko, and Las Vegas for direct deliveries and are shipping inventory and a display for the Las Vegas warehouse. Mr. Moell related that the cities and counties are interested in the office products knowing that delays in delivery are being eliminated with an existing inventory. Mr. Moell related that the project of detailing autos did not come to fruition due to the fast reallocating of the autos.

Mr. Skolnik stated there is a contract for Prison Industries to paint gravel trucks which will be profitable for Prison Industries. He advised that Prison Industries is still working on the program for concrete blocks which will require a 2,000 square foot building at SDCC which will be paid for out of the capital improvement fund. Mr. Skolnik expressed his appreciation to Mr. Moell and State Purchasing as well as the Public Works Board for the support of Prison Industries's products.

Mr. Bayer related that in meeting with the law enforcement agencies, the issue of the inability to move impounded vehicles was discussed. Mr. Bayer suggested exploration of refurbishment of marketable vehicles and dismantling of those vehicles that could not be refurbished. Mr. Bayer said he agreed with Senator Jacobsen in reference to a masonry trade, possibly for headstones or stones for facility signs, to developed a skill for use when inmates leave the system. Mr. Skolnik related that Utah had an extensive program for signage which may fit into the area of specialization and regionalization.

Mr. Skolnik, referring to the handout a memo for the November 20, 1996, IFC Meeting (Exhibit L), Mr. Skolnik explained that the asbestos removal from the roof at the Nevada State Prison Dairy requires additional expenditures of \$22,000 from Sliver State Industry funds.

11. Public Testimony.

There was no Public Testimony given.

12. Setting Date for Next Meeting(s) and Directions to Staff.

Senator Jacobsen discussed the possibilities that the Committee recommend to the Legislature the continuation of the

of the Prison Industry’s Subcommittee with an expansion to include Prison Facilities and Industries. Senator Jacobsen expressed interest in having a meeting on one day with a second day of tours of the honor camps as well as the Prison Industries. Chairman Marvel indicated the next meeting be tentatively scheduled for February.

Mr. Skolnik related that he was informed that the Legislative Counsel Bureau’s Audit Division would be auditing the Department of Prisons including Prison Industries.

13. Adjournment.

Chairman Marvel asked for any other business to come before the Committee. He thanked the Committee for their attendance. There being no further business to come before the Committee, the meeting was adjourned at 12:17 p.m.

Respectfully submitted,

Denise Nielsen
Fiscal Analysis Division Secretary

Assemblyman John Marvel, Chairman
Prison Industry Advisory Board

Date