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IOWA PRISON INDUSTRIES  
DAN CLARK, DIRECTOR

To: Jerry Bartruff – Director, Iowa Department of Corrections  
From: Dan Clark – Director, Iowa Prison Industries *DJC*  
Date: February 12, 2018  
Subject: Project Overview – Affordable Housing Produced by Offenders

Project Overview.

Men incarcerated at the Newton Correctional Facility (NCF) and Correctional Release Center (CRC) will be trained in construction related trades as they produce affordable “stick built” 2BR and 3BR homes at the prison site. The project is patterned after the South Dakota Governor’s House program.

The project will be overseen by a newly formed nonprofit corporation whose board will be comprised of stakeholders including homebuilders, contractors, trade unions, state agencies, and councils of government. The nonprofit will contract with IPI to build the homes, hire staff, train offenders, and procure materials.

The fully built homes will be transported to sites across the state and sold to income qualified buyers via regional councils of government and other agencies. Both rural and urban areas of our state have a need for affordable workforce housing.

A site at the Newton facility is available and well suited for the project. An initial investment of \$2 million is needed to install prison fencing and truck gates, construct a warehouse for materials, and purchase tools and delivery equipment. Otherwise, the project will be self funding and will not require annual appropriations.

The project has three primary goals:

1. Reduce recidivism and make Iowa communities safer;
2. Develop a new pipeline of skilled trades for Iowa employers;
3. Produce affordable workforce houses for rural and urban communities across Iowa;

1. Reduce recidivism and make Iowa communities safer.

Work training and vocational education for incarcerated men and women increase their success rates after release from prison. The *Results First* study, using a methodology developed by the Pew Foundation, showed that the work training programs of Iowa Prison Industries and vocational training provided by the DOC reduced recidivism in Iowa by 8-26%, saving \$5.5 million annually. Of note, most of these savings were due to the lower number of Iowans that became crime victims.<sup>1</sup>

Nationally, a study by the Rand Corporation found that correctional education programs reduced recidivism levels by 43 percent, and that offenders participating in vocational training were 28 percent more likely to be employed after release from prison than those that did not receive such training.<sup>2</sup>

The Newton house building program will provide work training and vocational education opportunities to more than 80 offenders. The location allows men from the medium security facility to enroll in apprentice programs and begin their training, and then continue building houses as they transition to the CRC's minimum security camp.

After release, ex-offenders will be trained and ready to rejoin the civilian workforce as taxpaying citizens. Those that did not complete their apprenticeship while incarcerated can continue with a private employer or trade union. The program will allow ex-offenders to earn good wages: the average hourly wage for graduated apprentices in Iowa is \$23.95, higher than Iowans graduating with an Associate's degree<sup>3</sup>.

In addition, some ex-offenders will qualify for Workforce Innovation and Opportunity Act (WIOA) funds. These funds will help pay for any tools required for their new job, travel reimbursement to and from work, and reimbursement for dependent care. If an ex-offender needs to finish their apprenticeship program, these funds would be available to them through completion of their program.

## 2. A pipeline of apprentices for Iowa employers.

The Future Ready Iowa initiative establishes that Iowa is in the midst of a workforce crisis, with a pervasive shortage of so-called "middle skill" workers. Iowa's seasonally adjusted unemployment rate decreased to 2.8 percent in December 2017, the lowest level in 17 years. "With an unemployment rate at 2.8%, Iowa must address the shortage in skilled workers", said Beth Townsend, Iowa Workforce Development Director.

By 2025, Iowa needs more than 50,000 "non-traditional" students to earn degrees or credentials such as apprenticeships. Non-traditional students are adults ages 25-64 with no postsecondary education. Iowans in this category include low wage earners, members of underrepresented minority groups, and ex-offenders.<sup>4</sup> Notably, 35% of apprentice students in the Iowa DOC program are minorities, compared with an overall state population of 14%.

The National Association of Home Builders reports the shortage for construction workers is worse now than at any time since 2000, with some occupations such as painters at their all-time worst since NAHB started its survey in 1996<sup>5,6</sup>. The national construction unemployment rate was 5.9% in December, the lowest December rate on record, according to an analysis by Associated Builders and Contractors (ABC)<sup>7</sup>.

Home construction provides numerous opportunities for learning skilled trades, including carpentry, plumbing, electrical, roofing, painting and hanging dry wall. At present, the DOC has more than 300 apprentice students enrolled in 19 different apprentice occupations, and we expect this number to increase substantially with the house building program. DOC apprenticeships are registered with the US Dept of Labor and mirror apprentice programs in the civilian world. As a result, ex-offenders can continue their apprenticeships with private employers or trade unions after release.

As an example, attached is the DOC program for Painter (Construction). Offenders in this occupation work with maintenance staff painting rooms and buildings at their institution. An apprenticeship requires both On-The-Job Learning as well as Related Instruction. In the case of Painter (Construction), the apprentice must complete 6,000 hours of OJL, and pass examinations for 11 different modules of Related Instruction.

Both the federal and state governments provide incentives for hiring ex-felons. The Work Opportunity Tax Credit (WOTC) offers a federal tax credit up to \$2,400 for each new hire. In addition, Iowa offers a state tax deduction of 65% of the wages paid to an ex-felon in the first 12 months of employment. The maximum deduction is \$20,000 per employee.

### 3. Address the shortage of affordable housing in rural and urban areas of Iowa.

The need for affordable housing is significant and widespread in both rural and urban areas of Iowa. In many communities, housing stocks have deteriorated and present a barrier to economic development and community revitalization.

*“Affordable housing helps form the foundation for a successful community. Safe and stable homes have a positive impact on education. Students are able to stay in the same school with the same teachers and support groups. Workforce quality is increased. Finding stable, affordable homes increases our workforce attraction, but also our workforce retention, as more people find themselves able to permanently settle in the area.”<sup>8</sup>*

The Analysis and Forecast of Housing Needs in Iowa showed that in 2010, the state had a deficit of almost 40,000 units affordable to households with income below \$20,000. In just ten years, the number of affordable units decreased by over 70,000.<sup>9</sup>

Offenders at Newton will build single story 2BR and 3BR homes in the 1,000 – 1,200 ft<sup>2</sup> range. The low cost of offender allowances, together with bulk purchases of materials such as roof shingles, lumber and drywall, will allow a turnkey selling price of about \$120,000. This price includes the home itself, delivery to the site, the lot, sidewalks, and utility connections. A home at this price is affordable to many working Iowans.

Income limits to determine buyer eligibility have not yet been established but will likely reference the statewide median income of \$62,938 for a family of three, or mirror the IFA FirstHome Program Limits, which range from \$80,385 to \$94,530 for a family of 3 or more.

The nonprofit corporation.

A newly formed 501(c)(3) charitable organization will oversee the program in a public-private partnership. Its Board will include stakeholders such as home builders, contractors, trade unions, as well as state and local agencies. The nonprofit corporation will contract with Iowa Prison Industries to build the homes, hire civilian staff, train offenders, and procure materials. IPI staff will provide training, supervision, and security.

Inclusion of a wide range of stakeholders, including those from the private sector, will ensure the project is well attuned to meeting its primary goals: reduce recidivism, provide a new source of skilled trades to Iowa employers, and manufacture affordable housing for Iowa's rural and urban communities.

As a charitable organization, the nonprofit will be eligible to receive certain grants and donations, which will help to keep home prices affordable.

Qualification of potential home buyers, site selection, and coordination with local cities and towns will be managed by regional councils of government and housing trust funds.

The nonprofit can partner with community colleges and other organizations for training. As an example, in 2017 DMACC began offering a 70-hour "construction prep" class at Newton. The non-credit program covers topics such as shop math, construction, OSHA 10, Iowa One Call, DOT flagging, etc. and would be valuable initial training for the house building program participants.

Implementation and Startup.

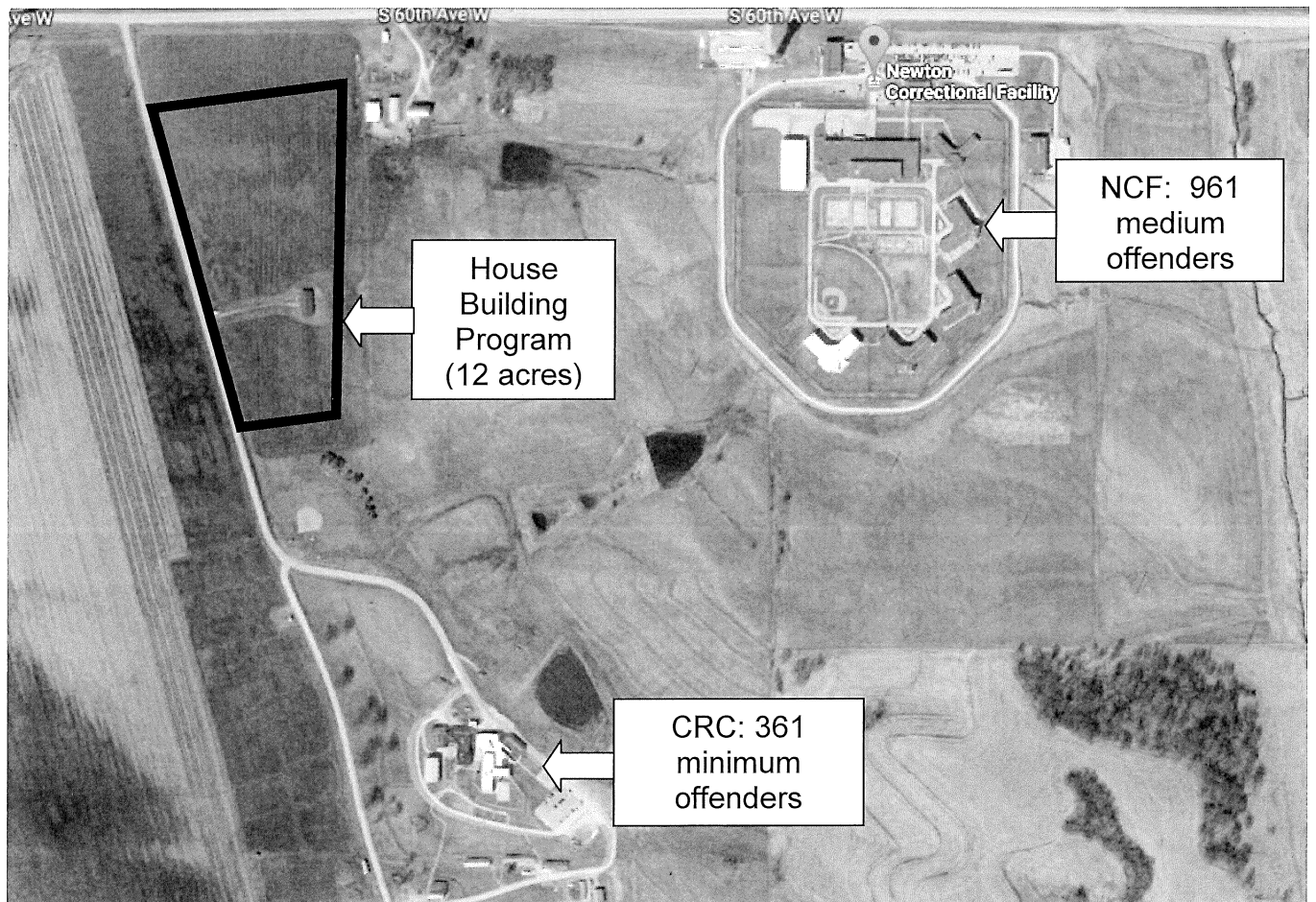
A 22 acre site adjacent to the Newton Correctional Facility and Correctional Release Center has been selected. The parcel is currently farmed by IPI and can be made available whenever needed. Initial plans call for 12 acres of the site to be fenced. The site has a small building and provides good truck access.

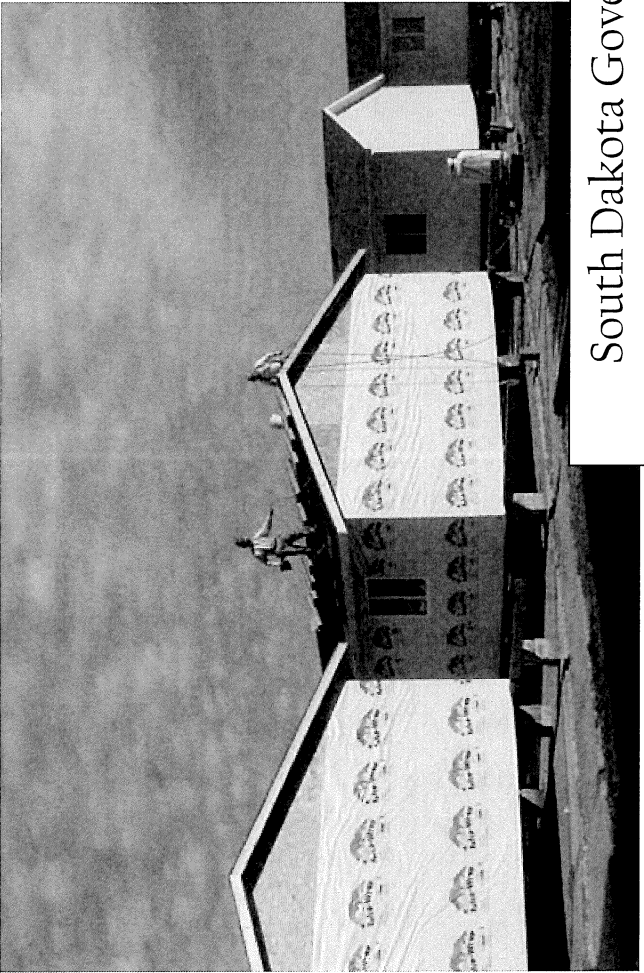
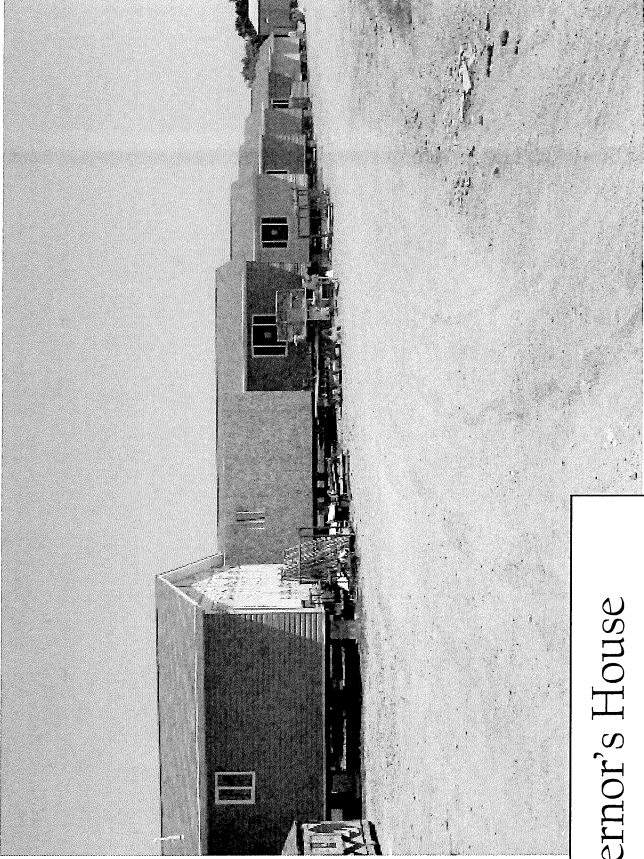
An initial investment is needed to provide security fencing with a truck gate and sally port, a warehouse, a workshop and classroom building, construction tools and delivery equipment. The total initial investment is estimated at \$2.0 million. After this investment is made, the project will be self-funding and will not require state appropriations.



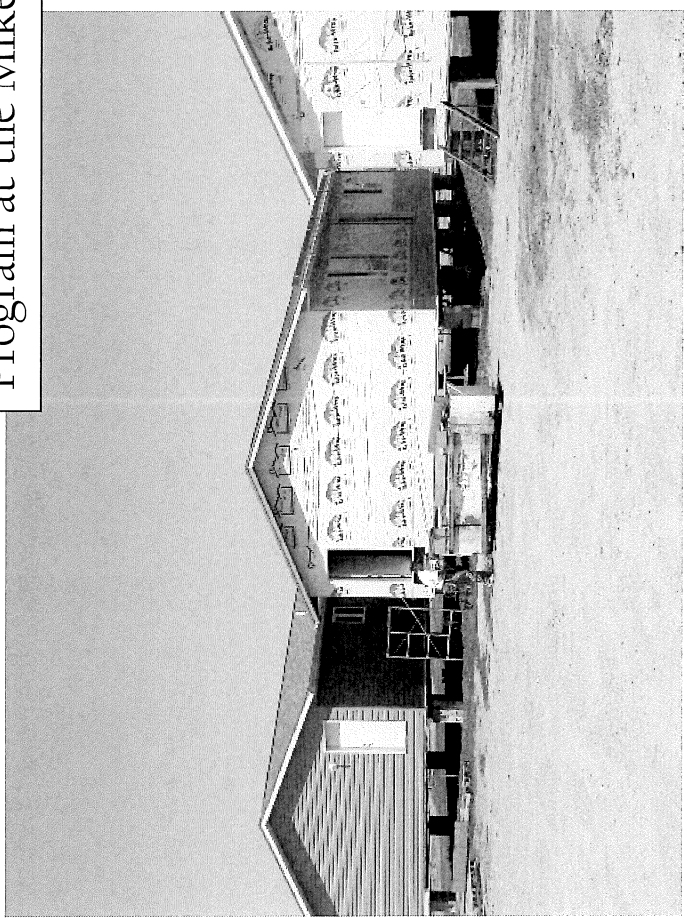
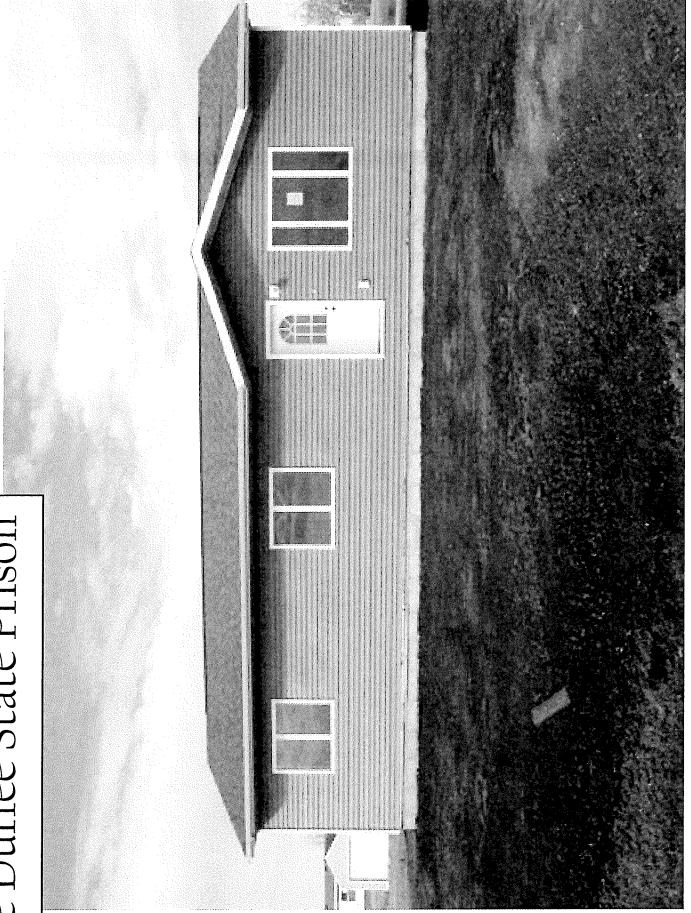
Citations:

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3. Iowa: Education and Workforce Trends through 2025 <https://www.futurereadyiowa.gov/about-future-ready-iowa>
4. Future Ready Iowa: Metrics that Matter - 2017 [www.futurereadyiowa.gov/sites/fri/files/basic\\_page\\_files/Future%20Ready%20Iowa%20Metrics%20that%20Matter\\_0.pdf](http://www.futurereadyiowa.gov/sites/fri/files/basic_page_files/Future%20Ready%20Iowa%20Metrics%20that%20Matter_0.pdf)
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7. "December Construction Unemployment Rates Down Year-over-Year in 46 States as Nation Posts Lowest December Rate on Record, Says ABC" [www.abc.org/NewsMedia/ConstructionEconomics/StatebyStateConstructionEconomics/tabid/7497/entryid/12783/december-construction-unemployment-rates-down-year-over-year-in-46-states-as-nation-posts-lowest-december-rate-on-record-says-abc.aspx](http://www.abc.org/NewsMedia/ConstructionEconomics/StatebyStateConstructionEconomics/tabid/7497/entryid/12783/december-construction-unemployment-rates-down-year-over-year-in-46-states-as-nation-posts-lowest-december-rate-on-record-says-abc.aspx)
8. Polk County Housing Trust Fund, "Can I Be Your Neighbor?" <http://www.pchtf.org/canibeyourneighbor/>
9. Analysis and Forecast of Housing Needs in Iowa [http://publications.iowa.gov/21633/1/FinalAnalysis\\_66C8A3A2CEA32.pdf](http://publications.iowa.gov/21633/1/FinalAnalysis_66C8A3A2CEA32.pdf)





South Dakota Governor's House  
Program at the Mike Durfee State Prison



**WORK PROCESS SCHEDULE**  
**Occupation Title: Painter (Const)**  
**O\*NET-SOC CODE: 47-2141.00 RAPIDS CODE: 0379**

Descripton: Apprentices will receive training in the various work experiences listed below. The order in which this training is given will be determined by the flow of work on the job, and will not necessarily be in the order listed. The times allotted to these various processes are the estimated time which the average apprentice will require to learn each phase of the trade. They are intended only as a guide to indicate the quality of the training being provided, and the ability of the apprentice to absorb this training in an average time. The total term of apprenticeship is indicated below. The two columns at the right constitute a record of progress for the apprentice. Whenever an apprentice commences his training in a listed item, the apprentice Supervisor will initial the left hand column and he will also initial the right hand column when the apprentice has reached proficiency in the item. Items for which credit for previous experience has been allowed will also be initialed.

**APPROXIMATE HOURS**

<p><b>INTERIOR PAINTING</b></p> <p>Preparatory Work - Washing and repairing plaster, tack stopping, removing old paint and varnish, sanding, washing wood, protecting floors and furniture, scaffolding, use of drop cloth, care of tools, safety rules and health factors.</p> <p>Dry Wall - Painting plaster, priming, st rippling, applying finish coats.</p> <p>Painting Wood - Shellacking knots, priming, puttying, sanding, applying finish coats.</p> <p>Varnishing Wood - Staining, filling, shellacking, sanding, puttying, bleaching, applying finish coats, rubbing.</p>	<p>2000</p>
<p><b>EXTERIOR PAINTING</b></p> <p>Preparatory Work - Use of drop cloth, washing, scraping, sanding, care of tools safety rules and health factors.</p> <p>Painting Wood - Shellacking knots, priming and putting and applying finish coats, staining and oiling</p> <p>Painting Metal - Scraping and sanding, removing rust, treating new metal for painting, protective primer, coats, tool use and care, safety factors.</p>	<p>2000</p>
<p><b>WALL COVERING</b></p> <p>Preparatory Work - Use of drop cloth, protecting, furniture, removing old paper, repairing walls, sizing walls.</p> <p>Hanging Paper - Measuring and cutting paper, pasting and trimming paper, hanging ceilings, handing side walls, hanging border, canvas and vinyl.</p>	<p>1800</p>
<p><b>SPRAY PAINTING</b></p> <p>Mixing paint, cleaning, use of spray gun, roller painting, tool use and care, safety rules.</p>	<p>200</p>
<b>TOTAL MINIMUM HOURS</b>	<b>6000</b>

**RELATED INSTRUCTION OUTLINE**  
**Occupation Title: PAINTER (CONST)**  
**O\*NET-SOC CODE: 47-2141.00 RAPIDS CODE: 0379**

**Related instruction instruction – This instruction shall include, but not be limited to :**

	<b>APPROXIMATE HOURS</b>
Using Portable Power Tools	40
Introduction to Carpentry	50
Cleaning Chemicals	40
Using Hand Tools	40
Industrial Safety and Health	50
Structural Painting	40
Developing Troubleshooting Skills	40
Making Measurements	40
Finishing the Building Interior	40
Working with Nonmetals in the Plant	40
Chemical Hazards	40
<b>TOTAL MINIMUM HOURS</b>	<b>460</b>