



<p style="text-align: center;">SOUTH DAKOTA</p>  <p style="text-align: center;">DEPARTMENT OF CORRECTIONS POLICIES AND PROCEDURES</p>		POLICY NUMBER 1.5.A.10	PAGE NUMBER 1 OF 4
		DISTRIBUTION: Public	
		SUBJECT: Pheasantland Industries Business Management	
RELATED STANDARDS: None		EFFECTIVE DATE: June 01, 2022	
		SUPERSESSION: New Policy	
DESCRIPTION: Work and Correctional Industry	REVIEW MONTH: May	 KELLIE WASKO SECRETARY OF CORRECTIONS	

I. POLICY

It is the policy of the Department of Corrections (DOC) and Pheasantland Industries to thoroughly plan and conduct a quarterly review for all industry operations.

II. PURPOSE

Provide guidelines for developing, implementing, and monitoring business operations.

III. DEFINITIONS

Business Plan:

A document that details anticipated inputs, projections, and outcomes of a business venture, including assessed impacts on private industry and the general public, significant contractual provisions, revenues, operating expenses, personal services, raw materials, applicable overhead, inmate pay, depreciation, and capital acquisition.

Capital Acquisition Cost:

Cost of equipment, furniture and fixtures, buildings, and improvements to a building required to begin a new business venture.

Enterprise Accounting:

Procedures to distinctly identify and analyze revenue and expenses related to a subprogram within a larger cost center. Such procedures will be developed by the accounting manager in conjunction with operations managers or shop personnel as necessary.

Overhead:

Administrative burden for costs not directly charged to the cost center including but not limited to: sales, marketing, transportation, utilities, and administrative costs.

IV PROCEDURES

1. New or Expanded Business Operations:

- A. For any new business operation proposal, or significant expansion of an existing operation, a documented business plan, and enterprise accounting, will be developed for the business enterprise. Such plan will include:
1. Anticipated market, volume and potential impact on private sector competitors.
 2. Number of staff and offenders to be employed.
 3. Projected revenues, expenditures, and net profits over a three (3) year period.
 4. General fund cost saving calculations and determinations.

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5. Any financial impact to the general fund (e.g., square footage of occupied space, utilities) including identifying any financial burdens to ensure Pheasantland Industries is operating financially independent of the DOC.
6. Other non-financial benefits provided (e.g., program participation and offender employment).
7. Long-term profitability assessment and strategy development to maintain a successful program.
8. Information on the potential for post release employment for participating offenders.
9. Potential training opportunity for offenders.
10. Contribution to the community.

- B. Upon review and approval of the business plan by the Pheasantland Industries Manager the proposed program will be presented to affected facility management, DOC executive staff, and the Corrections Commission for review and recommendation (see SDCL §§ 24-7-1, 24-7-15).

2. Current Business Operations:

- A. The Pheasantland Industries Manager, Director of Finance and Administration, and Deputy Secretary will meet at least quarterly to review and monitor the profitability of every cost center and business enterprise managed within Pheasantland Industries, utilizing actual performance data, including applicable overhead rates, business plan projections, and enterprise accounting reports.
- B. At a minimum, these reviews will include: comparison of actual performance data to current business plan projections; identifying and pro-actively address issues that are hampering revenue goals; higher than expected product and/or service demand; operational issues in the shops; and issues with customers as necessary.
- C. Business enterprises that do not generate a shop level profit over the course of six fiscal quarters will adjust the business plan twice per fiscal year, or more frequently if deemed necessary, to address corrective measures that will be implemented to improve profitability. Such measures may include:
1. Potential market adjustments.
 2. Pricing adjustments to increase margins.
 3. Staffing recommendations.
 4. Change in offender employment.
 5. Increased efficiency.
- D. Business plan adjustments will define expected outcomes and time frames for corrective measures.
1. Shop foremen will submit such plans to the Pheasantland Industries Manager.
 2. The Pheasantland Industries Manager will review and approve the business plan modifications including division overhead and approve them in whole or in part.
- E. No permanent changes in offender employment will be approved without the cooperation and input of the warden of the facility from which the enterprise offenders are housed, including any termination of a business.
- F. No enterprise will be terminated without determining the impact on the facility in which the offenders are housed or on the program in whole.
- G. The Corrections Committee will be notified of any significant changes to any operation, including closure.

V. RESPONSIBILITY

It is the responsibility of the Pheasantland Industries Manager to enforce this policy and conduct annual reviews and incorporate revisions as necessary.

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VI. AUTHORITY

- A. SDCL §§ 24-7-1, 24-7-3, 24-7-4, 24-7-7, 24-7-8, 24-7-15

VII. HISTORY

April 2022 – New policy

ATTACHMENTS (Published in PolicyTech unless otherwise noted)

1. DOC Policy Implementation / Adjustments

DOC POLICY IMPLEMENTATION/ADJUSTMENTS

DESCRIPTION	TITLE	POLICY #	EFFECTIVE
Work and Correctional Industry	Pheasantland Industries Business Management	1.5.A.10	06/01/2022

(FACILITY/WORK UNIT NAME)

WILL ACCEPT AND IMPLEMENT THE PROVISIONS OF THE ABOVE ADMINISTRATIVE REGULATION:

AS WRITTEN

NOT APPLICABLE

WITH THE FOLLOWING PROCEDURES TO ACCOMPLISH THE INTENT OF THE POLICY

(SIGNED) _____ (DATE) _____
Warden / Director