

SOUTH DAKOTA CORRECTIONS COMMISSION

CONFERENCE CALL

PIERRE, SD

AUGUST 10, 2017, 10:00 AM

OPENING BUSINESS

Chairman Craig Tieszen called the meeting of the South Dakota Corrections Commission to order at 10:03 AM on August 10, 2017. The meeting was held via teleconference.

Members present were Representative Craig Tieszen, Mark Anderson, Judge John Brown, David McGirr, Judge Pat Pardy, Senator Arthur Rusch, and Representative Jamie Smith.

Seven of nine commissioners were present constituted a quorum.

Also present were DOC Cabinet Secretary Denny Kaemingk, DOC Deputy Secretary Laurie Feiler, DOC Director of Operations Candy Snyder, DOC Policy and Compliance Manger Aaron Miller, Director of Prison Industries Darold Diede, DOC Director of Prison Operations Bob Dooley, South Dakota Women's Prison Warden Brent Fluke, DOC Attorney Catherine Schlimgen, and Vicki Vandermay, Badlands Quilting.

Chairman Tieszen specified that any action taken would be done so by roll call vote since it was a telephonic meeting.

DEVELOPMENT OF NEW PRISON INDUSTRY: SOUTH DAKOTA WOMEN'S PRISON

SECRETARY DENNY KAEMINGK, DIRECTOR OF PHEASANTLAND INDUSTRIES DAROLD DIEDE, WARDEN BRENT FLUKE, VICKY VANDERMAY

Secretary Kaemingk

Today, we are seeking approval from the Corrections Commission to allow Steve and Vicki Vandermay, owners of Badlands Quilting from Martin, SD to open a shop in the South Dakota Women's Prison. This will be a for-profit business using inmate labor and they will pay prevailing wages set by the South Dakota Department of Labor. Darold Diede, the Director of Prison Industries, will give more detail on the process.

Darold Diede

When we found out that we had some space available, trying to find an industry to fit in that limited space was going to be a challenge. Vicky Vandermay had previously approached Diede and asked if there were any possibilities for having work done in a

facility. It was determined that this space would be a fit for them. The space available is a 20 feet by 28 feet room. There has been a cursory walk through completed and it was determined that the phone, electrical, lighting, and computer service were adequate. The product was also determined to be of a size and volume that would be able to enter and leave the facility without undue difficulty. Badlands Quilting is a for-profit business that makes star quilts. In speaking with Vandermay, the demand for their shop in Martin is much larger than what they are able to produce which was why they were seeking to expand to the Women's Prison. The Bureau of Justice Assistance was asked if this was an industry that would meet with their approval. It was determined that it is, but that they could not grant official approval until specifics were developed which will occur pending approval by the Corrections Commission.

Secretary Kaemingk

Secretary Kaemingk asked Darold Diede and Warden Fluke if there were any concerns on security of the material going in or the product going out of the Women's Prison. Warden Fluke responded that there were no issues with security on their end; he stated they would be able to adequately check all items going in and out.

Secretary Kaemingk stated that we are looking to employ 7-9 inmates to start with. He then asked if staff had been identified for the quilting business. Vandermay answered that she was in the process of interviewing a potential supervisor today.

Secretary Kaemingk asked for any questions from the Commission.

Chairman Tieszen asked for clarification that the wages for the inmates would be set by the Department of Labor and not the Department of Corrections. Secretary Kaemingk confirmed that prevailing wages would be set by the Department of Labor. Chairman Tieszen followed up by asking if those prevailing wages were subject to change from time to time. Diede answered that yes, and that in the past with other Private Sector prison industries in Sioux Falls they have gone out annually and got information on it. Chairman Tieszen then asked to clarify what the process would look like for making the quilts at the prison. Diede answered that materials for quilts would come in kits to the prison with pre-cut squares. They would then be stitched together, filling added, and would be sent out as a completed product. Chairman Tieszen asked if the Vandermay's business in Martin would also be maintained. Diede indicated yes, that they would continue to build star quilts as much as possible at the Martin location and that whatever they could not handle is what would be sent to the Women's Prison.

Senator Rusch asked what the ball park would be for the prevailing wage. Secretary Kaemingk indicated that that information had been provided in the proposal that was sent out. That document indicated that the South Dakota Department of Labor and Regulation

has determined Pierre's prevailing wage for the training period in this industry is \$8.65 per hour. Once the individual successfully passes the 90-day training period, the prevailing wage then increases to between \$8.90 and \$8.94 per hour, depending on which job the inmate is engaged in. Senator Rusch asked if equipment would need to be brought in to the prison. Vandermay answered yes, that Badlands Quilting would bring in sewing machines and quilting machines to complete the projects. Senator Rusch asked how inmates would be picked to be employed by a business such as this. Diede answered that it is done on an interview basis. A list of inmates would be provided to Vandermay by the Women's Prison and she would start interviewing off of that list. Senator Rusch asked how Badlands Quilting retails the quilts, specifically whether this was done online or if there was a shop in Martin. Vandermay answered that most sales were generated through word of mouth referrals and previous sales but that they also have a shop in Martin, SD. She indicated that the business currently does not have an active presence online or through social media and that they are not marketing their quilts in any other way.

Mark Anderson asked if the state would get involved with marketing since the business did not have a marketing plan. Diede answered no, that marketing was up to the business owner. Anderson commented that we did not want to start something up that would not be able to sustain itself long term. He followed-up by asking if the business currently had a plan to add marketing. Vandermay answered that the business has been in operation for 18 and half years and that they have always had struggle keeping up with the demand for star quilts. She indicated that she would like to advertise and create more jobs, but that she didn't have the manpower to do that; that the business wouldn't be able to do more than it is already trying to get done. Anderson asked how much the quilts sell for. Vandermay indicated that they vary from \$175-\$335.

David McGirr commented that he had reviewed the proposal with the South Dakota Retailers and that they were ok with the project proceeding.

Mark Anderson asked if the state or Prison Industries were prohibited from advertising for this business in any way. Diede indicated that he was unsure of the answer as that had not been an issue they had needed to address previously nor was addressed in policy and that he would have to do further research. Secretary Kaemingk indicated that we market our own products but not for the for-profit businesses we have working for us. Diede indicated that he felt it was likely they could not since it would be utilizing state resources for a private industry.

Representative Smith asked that of the money paid to the inmates, would some go back to the state and some go into the inmate's account? Diede answered yes, that was correct. Some of the money collected would go to victim's restitution and some would go to court ordered obligations. He stated that there were a number of different areas that benefit from

prevailing wage positions. Representative Smith asked how much money would be taken from the fund and what it would be spent on. Diede asked for clarification. Representative Smith stated that he thought it was proposed to use state funds for this. Secretary Kaemingk asked Candy Snyder to talk about the proposed contract. Snyder answered that the contract, as currently proposed, Badlands Quilting would pay \$10 per month for rent of the space at SDWP, \$50 for per month for utilities, and be charged at cost for any other expenses, such as computer service, phone service, long-distance, janitorial supplies, etc. Chairman Tieszen asked for clarification that the state would not be expending any funds for startup of this industry. Snyder confirmed that was correct. Deputy Secretary Feiler clarified that the money will be going out of the revolving fund but then coming back in. Bills will be paid out of the revolving fund but then replenished.

Senator Rusch asked that of the wages being paid, if inmates would get all of that apart from obligations that they may owe to the state or courts. Deputy Secretary Feiler answered there are federal regulations that govern the private sector prison industry enhancement program that are also articulated in under SDCL 24-7-3 and the private sector policy. What happens is that an inmate gets their wage and federal, state and local taxes are taken out just like with any other job in the community and a charge is assessed for room and board. DOC also requires inmates to put 6% their wages toward family support and another 6% of their wages goes toward the victims' compensation program as set forth by federal requirements. Deputy Secretary Feiler also indicated that the SD DOC requires a certain amount of an inmate's earnings to go into a savings account for release. Senator Rusch asked if the victims' compensation was required to be taken out even if an inmate may not personally owe any kind of victims' compensation reimbursement. Deputy Secretary Feiler confirmed that was correct.

David McGirr asked how the how rent amount for the space was determined, since it was much lower when compared to other commercial spaces. Diede answered that when coming up with amount for rent that value was determined in reference to the difficulties with working in prison, such as lock down times where work is interrupted. Diede stated that without this value, no one would work inside the prison.

Senator Rusch asked what the reaction was from inmates regarding industries like this. Diede indicated that with other industries that have come in, the reaction has been positive and that the positions become highly sought after. He also indicated that they provided a good management tool. Secretary Kaemingk agreed with this statement; he stated that inmates know that if they get a major rule infraction that their position is in jeopardy thus making it a good management tool.

Chairman Tieszen asked if any members had further questions. None were indicated.

Mark Anderson motioned to grant approval pursuant to SDCL 1-15-1.13 for Department of Corrections to enter into an agreement with Badlands Quilting for a for-profit business at the Women’s Prison in accordance with established regulations. Seconded by Representative Smith. Roll Call vote was conducted:

Commission Member	Vote
Anderson, Mark	Yea
Bottum, Tim	Absent
Brown, John	Yea
Heinert, Troy	Absent
McGirr, David	Yea
Pardy, Patrick	Yea
Rusch, Arthur	Yea
Smith, Jamie	Yea
Tieszen, Craig	Yea

Motion passed 7 yeas, 2 excused.

CONCLUDING BUSINESS

Chairman Tieszen asked if there was any further business for the committee. None was indicated. Chairman Tieszen adjourns the meeting at 10:29 AM.
