

January 11, 2002

Dear Governor Janklow and Members of the 2002 Legislature:

Pursuant to SDCL 24-7-37, Pheasantland Industries presents its Annual Report for Fiscal Year 2001.

This report provides a general overview of Pheasantland Industries and its mission. Summaries of activities during the past fiscal year and financial statements are also included in this report.

Pheasantland Industries generated \$2.6 million in sales during FY2001, which resulted in a net income of \$405,083. With additional manufacturing space available in 2002, the ability to expand both traditional and private industries becomes a reality. This additional space will result in an increase in inmate employment and improve our ability to offer quality products and services to state agencies and non-profit organizations.

Sincerely,

Ron Zylstra
Director

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Mission

To provide products and services for the State of South Dakota and its political subdivision, to provide work opportunities for inmates, and to be a self-supporting entity.

Unique Employment

Industries in a prison environment operate differently than businesses in a free society. Strict security procedures and scheduling are set by prison officials. Industry shops operate Monday through Friday from 7:30 a.m. to 3:30 p.m. Inmate count procedures and staff scheduling usually prohibit overtime and weekend work.

Inmates in traditional prison industries earn between 40 and 70 cents per hour. Federal law requires that inmates working for private industry must be paid prevailing, local market wages for the type of work performed. Inmates typically use their wages to buy toiletries, food stuffs, and craft materials. A percentage is also retained in an inmate worker's reserve account for use upon release or parole. Inmates working for private industry jobs must also use their wages to pay for incarceration costs, victim compensation funds, and family support.

At the close of Fiscal Year 2001, the Pheasantland Industries Staff consisted of 10 employees. The work force totaled 120 inmates in traditional industries and 65 inmates in private sector industries.

Traditional Industries

In Fiscal Year 2001, traditional prison industries consisted of 11 industries: upholstery, printing, sign, decal, book bindery, braille unit, license plates, carpentry, machine, garments, and data entry.

All traditional industries operate at the State Penitentiary in Sioux Falls, except the garment industry which is located at the Mike Durfee State Prison in Springfield and the data entry project which is located at the Women's Prison in Pierre. Prison industry shops are designed to meet standards established by the Occupational Safety and Health Administration. They are also inspected annually by the State Fire Marshal and must meet all standards established by that office.

By law, traditional prison industries can provide work only for government agencies and non-profit organizations.

Industry Descriptions:

Carpenter Shop: Custom made furniture including desks, credenzas, conference tables, bookshelves, and chairs.

Upholstery Shop: Recovers and repairs various types of furniture, manufactures mattresses and boxer shorts, and assembles chairs.

Print Shop: Business cards, envelopes, brochures, and business forms.

Sign Shop: Highway and road signs for the South Dakota Department of Transportation and other local governments. Decals for county sheriffs, city police departments, the Highway Patrol, and state and local government vehicles.

Decals: Validation tags for vehicles.

Book Bindery: Repairs and binds books and magazines.

Braille Unit: Transcribes books, magazines, greeting cards, business cards, and brochures into braille or large print. Maps and photographs are also produced for the visually impaired. The services of the Braille unit are available to the State Library and schools, organizations, and private individuals nationwide.

License Plates: Auto and truck, motorcycle, trailer, apportioned vehicle, tribal, and state vehicle plates.

Machine Shop: Manufactures belly chains for law enforcement agencies throughout the United States.

Garment Shop: Manufactures blue jeans, trousers, jackets, coveralls, parkas, and t-shirts; and screen prints various clothing articles.

Data Entry: Provides data entry services for various state agencies.

Private Industry Enhancement

As the inmate population of adult corrections system grows, so does the need to provide more work opportunities for inmates. Traditional industries also have a very limited market in which to sell its goods. These two facts prompted the decision to explore private sector industry possibilities.

In June of 1989, the Department of Corrections applied for certification in the Private Sector/Prison Industries Enhancement Program. This application was forwarded to the United States Bureau of Justice Assistance after the South Dakota Legislature passed legislation permitting private sector involvement in prison industries. South Dakota was granted certification in 1990.

In addition to the State's certification, each private sector enterprise must be approved by the federal government. The application for each enterprise must include the enterprise market, the number of inmates to be employed, the wages to be paid, and verification that the venture will not impact the local market.

FY 2001 Activities

Inmate wages paid in the private sector for FY 2000 were \$442,482. Inmates employed in these industries paid \$26,549 to the South Dakota Crime Victims' Compensation fund, \$132,745 for incarceration costs, \$26,549 in family support obligation, \$35,950 in federal taxes, and \$33,840 in social security.

Private sector businesses operating during FY2000 included Metalcraft Industries which has welding and machine tool operations at the Jameson Annex, M-Tron which assembles electronic components at the Mike Durfee State Prison, and C. R., Inc. which inspects and packages rubber gaskets and seals at the Mike Durfee State Prison.

FINANCIAL SUMMARIES

Since FY92, Pheasantland Industries' total sales and net income is as follows:

FY92	---	Total sales	.....	\$ 1,607,012
		Net income	.....	\$ (43,833)
FY93	---	Total sales	.....	\$ 1,431,378
		Net income	.....	\$ 95,577
FY94	---	Total sales	.....	\$ 1,624,301
		Net income	.....	\$ (34,624)
FY95	---	Total sales	.....	\$ 1,762,135
		Net income	.....	\$ 33,645
FY96	---	Total sales	.....	\$ 2,398,031
		Net Income	.....	\$ 260,372
FY97	---	Total sales	.....	\$ 1,588,700
		Net Income	.....	\$ 192,487
FY98	---	Total sales	.....	\$ 1,925,971
		Net Income	.....	\$ 312,591
FY99	---	Total sales	.....	\$ 1,901,404
		Net Income	.....	\$ 232,762
FY2000	---	Total sales	.....	\$ 2,678,927
		Net Income	.....	\$ 150,774
FY2001	---	Total sales	.....	\$2,643,707
		Net Income	.....	\$ 405,083

