January 10, 2003

Dear Governor Rounds and Members of the 2003 Legislature,

Pursuant to the SDCL 24-7-37, Pheasantland Industries presents its Annual Report for Fiscal Year 2002.

This report provides a general overview of Pheasantland Industries and its mission. Summaries of activities and notable production numbers are included in this report.

Pheasantland Industries generated $1,975,086 in sales during FY2002, which resulted in a net income of $303,322. The decrease in sales is attributable to a $745,012 decrease in license plate sales. License plate sales numbers for FY 2001 included some reissue plates for 2000 and new trailer plates for 2001. Plate production of all types of plates decreased from 422,628 in FY2001 to 134,432 for this reporting period.

We occupied the new Pheasantland Industries SDSP manufacturing space in November of 2002. This new space has allowed for the expansion of two shops, the addition of a new business opportunity and the employment of ten additional inmates. Construction continues on an expansion of the manufacturing facility located at the Jameson Annex. With the anticipated completion date of April 1, 2003, our business partner, Metal Craft Industries will have the space to expand their business, resulting in an increase in the number of inmate jobs.

Our focus continues to be on increasing employment opportunities for inmates and the production of high quality goods and services for South Dakota governmental entities and nonprofit organizations.

Sincerely,

Ron Zylstra
Director
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 .25 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 and, foodstuffs. 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 2002, 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 2002, traditional prison industries consisted of 10 industries: upholstery, printing, sign, decal, book bindery, braille unit, license plates, carpentry, 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, non-profit organizations and employees of the State of South Dakota.

Most notable shop production number for CY2002:

- 33,516-boxer shorts for Department of Corrections
- 400-mattresses and 450-pillows for Department of Corrections
- 480-mattresses for South Dakota State Fair dormitories
- 300-patient slings for Department of Human Services
- 400-nylon mesh shower bags for Department of Corrections
- Reupholstered 208-theatre seats for Crystal Theatre, Flandreau
- 105-kevlar boot covers for Department of Corrections
- 51,200 pages of braille and tactile graphics
- 3,250,000 printing impressions
- 1,700 books refurbished
- 57,586 signs and decals for Department of Corrections
- 31,217 signs and decals for local and county governments
- 181-sets of cabinets for houses
- 10-sets of cabinets for day-care centers
- 134,432 license plates
- 17,232-khaki pants
- 7,008-khaki shirts
- 30,744-T-shirts
- 1,380-kitchen pants and shirts
- 40,498-garments screened (“DOC”/”Inmate”) for Department of Corrections
- 337,986,954 data entry keystrokes for Game, Fish & Park, Department of Social Services and the South Dakota State Library
- 598 wheelchairs refurbished
- 876,200 window balance cord and pulley sets
- 1,175-hardwood platform truck decks
- 100-rotary and flail cutterheads
- 6,000-hay feeders
**Industry Descriptions:**

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

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

Print Shop: Business cards, envelopes, brochures, letterhead 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, magazines and meeting minutes.

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 khaki trousers and shirts, jackets, coveralls, parkas, and t-shirts; and screen prints various clothing articles.

Data Entry: Provides data entry services for various state agencies, including Game Fish & Parks, Department of Social Services and the State Archives.
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 2002 Activities

Inmate wages paid in the private sector for FY 2002 were $332,335. Inmates employed in these industries paid $19,340 to the South Dakota Crime Victims' Compensation fund, $96,701 for incarceration costs, $19,340 in family support obligation, $26,349 in federal taxes, and $24,659 in social security.

Private sector businesses operating during FY2002 included Metalcraft Industries which has welding and machine tool operations at the Jameson Annex.
FINANCIAL SUMMARIES

Since FY93, Pheasantland Industries’ total sales and net income is as follows:

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

FY2002- - - Total sales....... $1,975,086
               Net Income......$  303,322