SOUTH DAKOTA DEPARTMENT OF CORRECTIONS POLICY AND PROCEDURE		POLICY NUMBER 800-04	PAGE NUMBER 1 OF 3
		DISTRIBUTION:	Public
		SUBJECT:	Pheasantland Industries Business Management
RELATED STANDARDS:	None	EFFECTIVE DATE:	August 01, 2026
		SUPERSESSION:	08/01/2025
DESCRIPTION: Correctional Industries and Vocational Programs	REVIEW MONTH: July	**NICK LAMB** **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

The purpose of this policy is to 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, offender 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 staff in conjunction with operations managers or shop foremen 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.
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 (PI) 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 PI associate director the proposed program will be presented to affected facility management, the director of Finance and Administration, the deputy secretary, and the Corrections Commission for review and recommendation.

2. Current Business Operations:

A. The PI associate director, director of Finance and Administration, and deputy secretary of corrections (DSOC) will meet at least quarterly to review and monitor the profitability of every cost center and business enterprise managed within PI, utilizing actual performance data, including applicable overhead rates, business plan projections, and enterprise accounting reports.

B. At a minimum, these reviews will include:
1. Comparison of actual performance data to current business plan projections.
2. Identifying and pro-actively addressing issues that are hampering revenue goals.
3. Examining higher than expected product and/or service demand.
4. Operational issues in the shops, and
5. Issues with customers as necessary.

C. Business enterprises that do not generate a shop level profit over the course of six (6) 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. The PI associate director 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 director of Finance and Administration and the PI associate director to annually review and revise this policy as needed.

VI. AUTHORITY

A. SDCL § **24-7 State Prison Industries**
B. SDCL § **24-7-1 State prison industries--Operation--New industry.**
C. SDCL § **24-7-3 Furnishing prison labor to private enterprise authorized--Rules.**
D. SDCL § **24-7-4General supervision by secretary of corrections.**
E. SDCL § **24-7-7 Prison industries revolving fund moneys available.**
F. SDCL § **24-7-8 Separate account for each prison industry.**
G. SDCL § **24-7-15 Contracts by director of prison industries with approval of secretary.**

VII. HISTORY

August 2026
August 2025
August 2024
August 2023
April 2022 – New policy

ATTACHMENTS

None.