

Silver State Industries
Joint Interim Standing Committee on the Judiciary
February 23, 2024

Mission: To reduce government operating costs, provide offenders the skills necessary to successfully re-enter society, and enhance the safe operation of correctional facilities.

Silver State Industries is a self-supporting operation, providing job training, certifications and marketable skills for offenders in the production of goods and services at little or no direct cost to the taxpayer. Offender workers are able to receive certifications in American Welding Society, screen printing and forklift operations to improve employability upon release.

The shops include: Auto; Furniture; Mattress; Metal; Garment; Print; Sanitizer; Ranch.

These shops produce quality products for local, state and federal governmental agencies as well as private customers. In addition to providing marketable skills to offenders, production offsets government costs. Horses trained in partnership with the Bureau of Land Management Wild Horse and Burro Program are adopted to private owners and supply working horses to agencies including Border Patrol, U.S. Department of the Military, and other law enforcement agencies.

Current Contract Industries

Contract Entity	Term	Value	Offenders Employed
Dayton Valley Turf	7/1/2021 - 6/30/2025	\$ 105,600.00	1+
Erickson Framing NV, LLC	7/1/2022 - 6/30/2026	\$ 1,784,256.00	10+
Game Farm, LLC - Formerly RKR and Diamond Mountain Distributors	7/1/2022 - 6/30/2026	\$ 2,706,204.00	180+
Nevada Organics, LLC (NV ORG)	9/1/2022 - 8/31/2026	\$ 928,849.50	40+

Under Consideration- Contract Industries

Sustainable Reform Solutions strives to make positive changes in the communities they operate, utilizing work training programs to help offenders learn effective job skills, creating environmentally friendly ink and toner cartridges and prepare inmates for future reentry success.

Advanced Chemicals: formulates and manufactures a complete line of cleaners, disinfectants, and floor care chemicals. Arrow's technical specialists formulate and manufacture a broad portfolio of cleaning chemical products including matching or custom formulas. Offenders will learn shipping, manufacturing, quality control and other manufacturing skills.

Carson Truss, LLC: Carson Truss, LLC is a construction company based in Mound House, NV.

Offender Labor

Current Workers by Shop as of 1/31/2024.

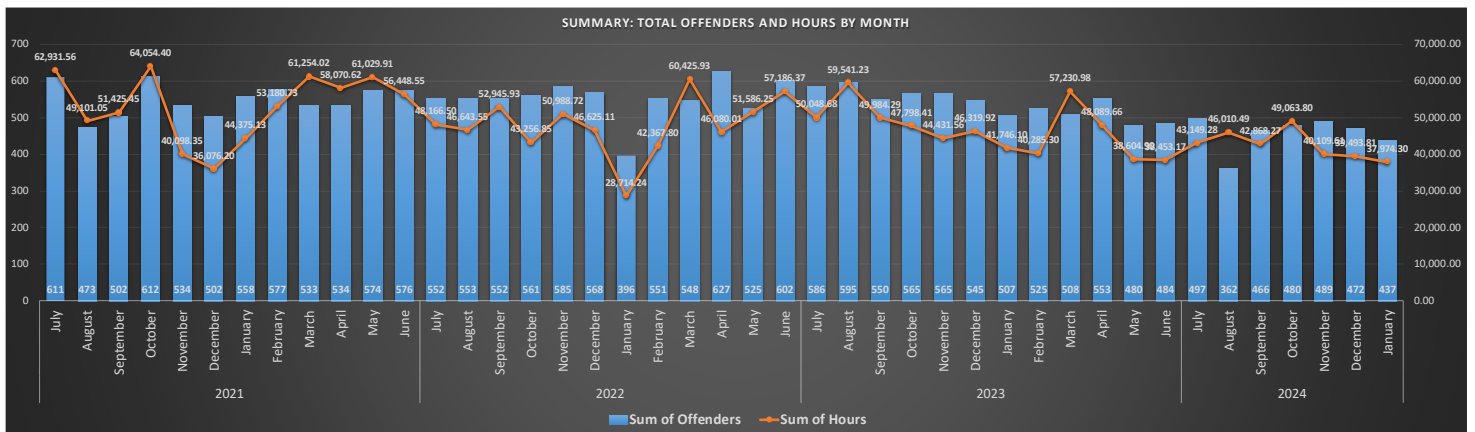
SHOP	Offenders Employed
PI Auto	34
PI Furniture	31
PI Garment	133
PI Mattress	8
PI Metal	22
PI Print	23
PI Ranch (B/A 3727)	61
Total	312

CONTRACTS	209
Tag Plant	8
Erickson Framing, LLC	4
Game Farm, LLC	113
Grand Total	437

As of January 2024, 119 Silver State Industries Offender workers made at or above the Federal Minimum Wage.

Per **SB416 – CIP Wage Assessment**, these jobs/ positions will continue to contribute to the cost of *Room and Board* through the *Wage Assessment*. All other positions will not have a percentage contribution toward Room and Board.

The below chart illustrates the trend in the number of offenders employed monthly and the hours worked SFY 2021-SFY 2024 YTD. This information, the **Governors Report**, is submitted monthly to representatives of the Governor’s Finance Office and the Legislative Counsel Bureau.



Comparison SFY 2019- SFY 2023 (Hours, Wages, # Employed, Garnishments)

The below chart and table show comparisons between State Fiscal Year 2014-2024 YTD in Hours Worked, Wages Paid (By Silver State Industries), Room and Board (24.5 percent), Capital Improvement Projects (5 percent), and Victims of Crime Fund (5 percent).

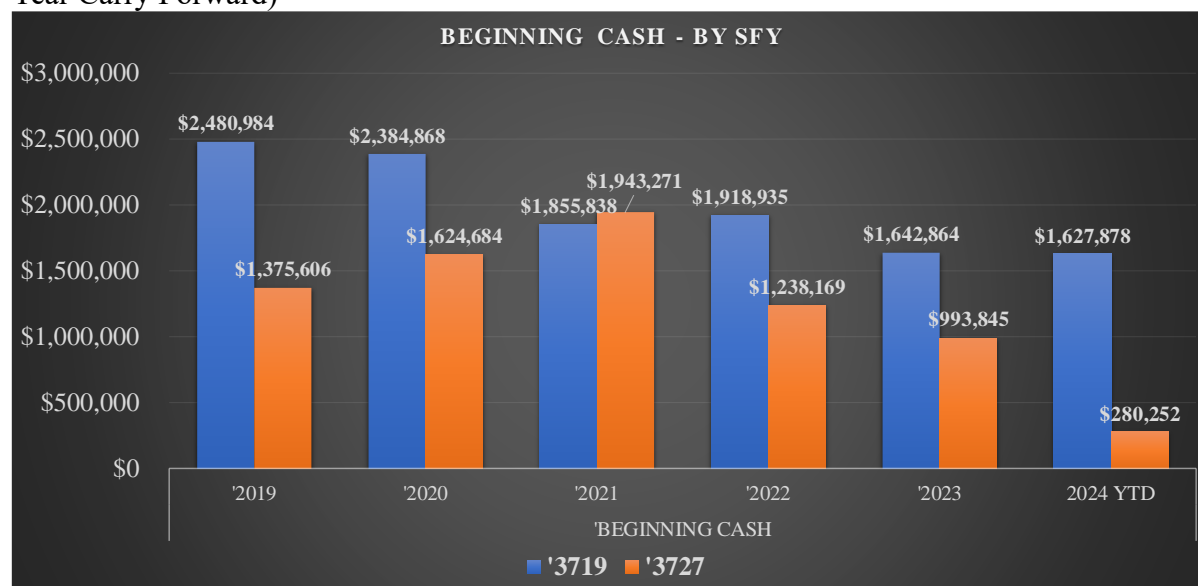
Over the past five years, Silver State Industries paid over \$8 million for 3,538,301 hours of inmate labor with contributions of over \$2 million to *Room and Board*, and \$413,931 to its Capital Improvement Fund, and Victims of Crime Fund.

PRISON INDUSTRIES - OFFENDER WAGES BY SFY						
SFY	INMATES	HOURS	WAGES	R & B	CIP	VCF
SFY 19	524	784,016.73	\$1,484,044.33	\$363,590.92	\$74,202.46	\$74,202.46
SFY 20	615	747,393.90	\$1,372,772.44	\$336,329.34	\$68,638.88	\$68,638.88
SFY 21	507	616,853.23	\$1,428,490.17	\$349,980.22	\$71,424.60	\$71,424.60
SFY 22	532	549,953.41	\$1,397,937.25	\$342,318.34	\$69,897.16	\$69,897.16
SFY 23	566	549,630.60	\$1,628,709.96	\$398,081.27	\$81,435.77	\$81,435.77
SFY 24 YTD	437	290,453.99	\$1,013,485.77	\$235,619.34	\$48,332.25	\$48,332.25
Grand Total		3,538,301.86	8,325,439.92	2,025,919.43	413,931.12	413,931.12

Note: SFY 2024 YTD as of January 31, 2024

Financial Profile

Beginning Cash Comparison (Combination of Approved Budget, Retained Earnings, and Prior Year Carry Forward)



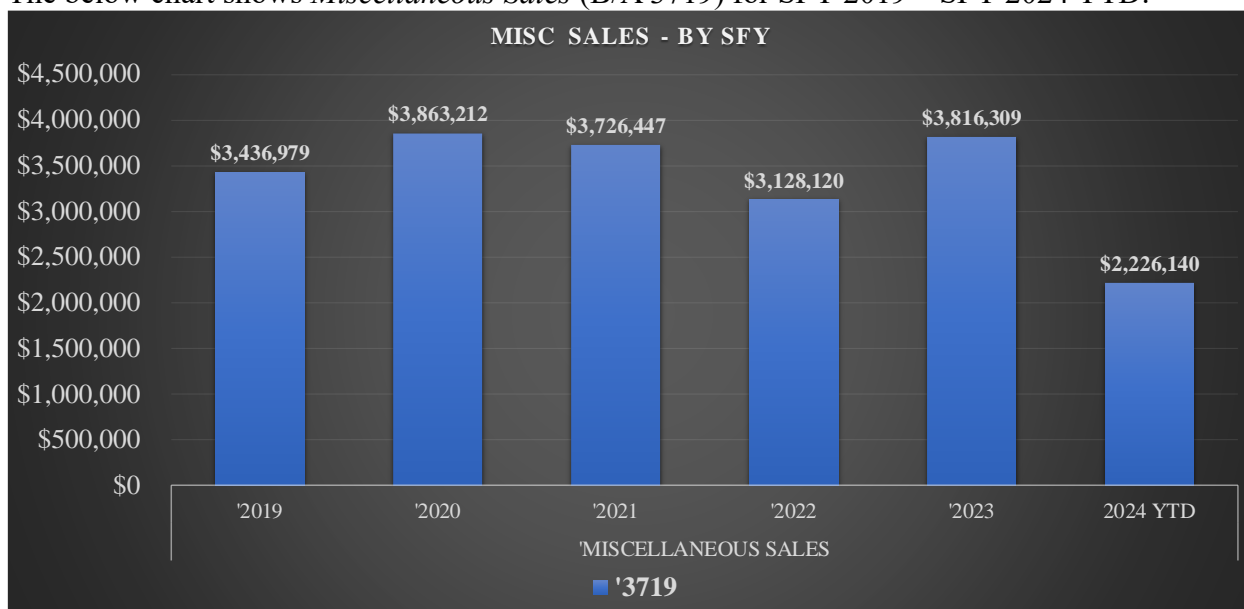
Note: The following costs depleted SSI cash reserves during this time frame.

- Swept to General Fund; See **AB3; 2020 31st Special Session Sec. 131.5. 2.**
 - SFY 2021: \$250,000 from B/A 3719 | \$350,000 from B/A 3727 Retained Earnings
- Statewide Cost Allocation/ Purchasing Assessment

The below table shows allocations, assessments, and reverts to general funds from SSI's cash reserves, which further increased costs (insufficient realized funding available for large purchases).

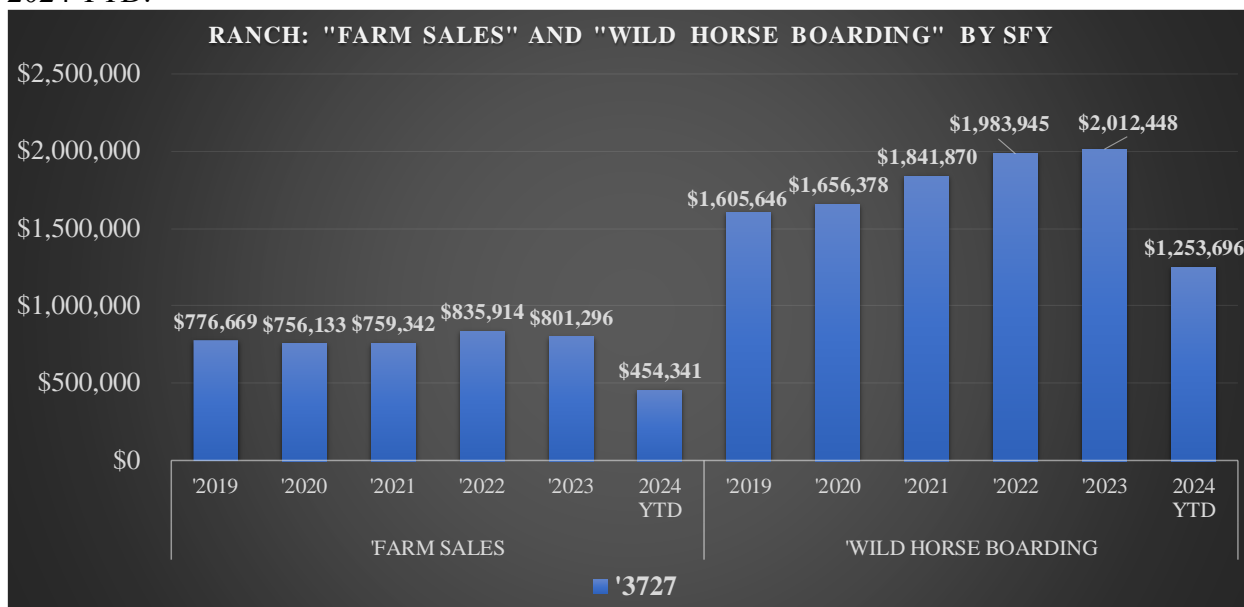
Row Labels	'3719	'3727	Grand Total
= 'AG COST ALLOCATION	\$67,533		\$67,533
'2019	\$23,627		\$23,627
'2020	\$28,021		\$28,021
'2021	\$15,885		\$15,885
= 'PURCHASING ASSESSMENT	\$38,248	\$44,955	\$83,203
'2019	\$8,171	\$9,167	\$17,338
'2020	\$6,472	\$8,209	\$14,681
'2021	\$11,285	\$12,902	\$24,187
'2022	\$5,979	\$7,984	\$13,963
'2023	\$6,341	\$6,693	\$13,034
= 'RESERVE FOR REVERSION	\$250,000	\$350,000	\$600,000
'2021	\$250,000	\$350,000	\$600,000
= 'STATE COST ALLOCATION	\$1,068,973	\$85,959	\$1,154,932
'2019	\$145,015	\$17,394	\$162,409
'2020	\$466,182	\$20,552	\$486,734
'2021	\$457,776	\$16,224	\$474,000
'2022		\$11,735	\$11,735
'2023		\$20,054	\$20,054
Grand Total	\$1,424,754	\$480,914	\$1,905,668

The below chart shows *Miscellaneous Sales* (B/A 3719) for SFY 2019 – SFY 2024 YTD.



Note: SFY 2024 YTD as of February 5, 2024

The below chart shows *Farm Sales* and *Wild Horse Boarding* (B/A 3727) for SFY 2019 – SFY 2024 YTD.



Note: SFY 2024 YTD as of February 5, 2024

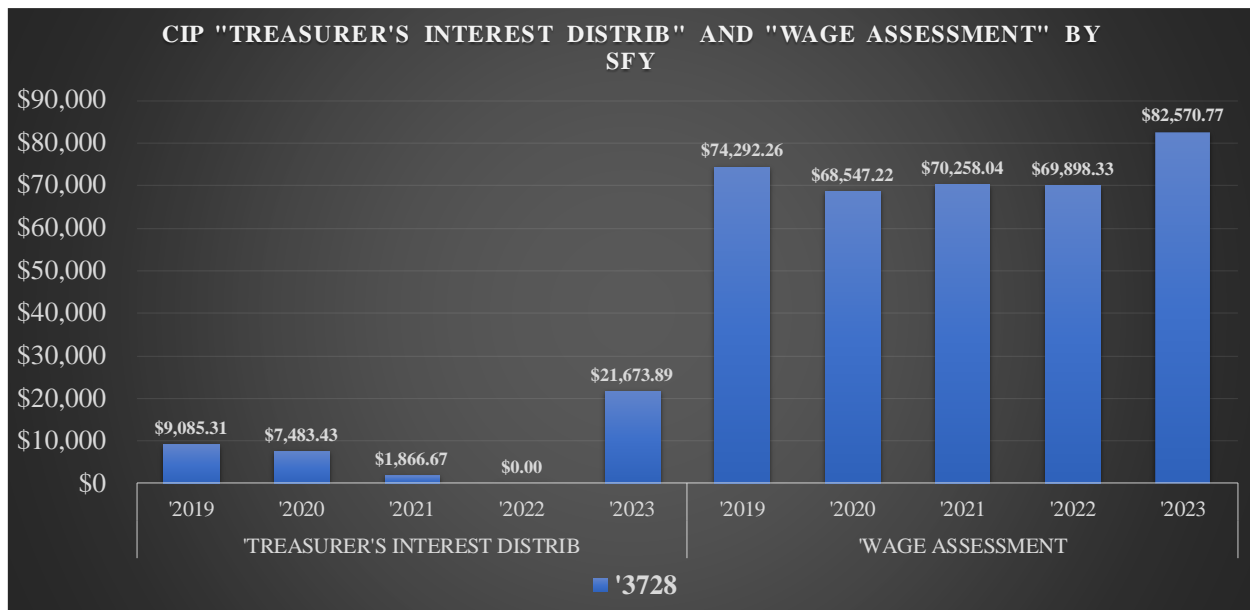
Profitability

The below table shows SFY 24 6-month comparison summary of the profit and loss for each shop and contracts (Erickson and Game Farm).

SFY 2024 - Thru DEC	MATTRESS	PRINT	METAL	FURNITURE	AUTO	GARMENT	ERICKSON	GAME FARM	RANCH
Total Revenues	\$119,638.34	\$504,947.04	\$118,483.84	\$141,797.06	\$101,523.30	\$611,958.49	\$141,128.19	\$130,351.15	\$1,345,786.58
Total Cost of Goods Sold	\$103,634.39	\$409,915.48	\$146,170.76	\$152,667.22	\$107,155.39	\$330,708.19	\$0.00	\$0.00	\$1,173,481.77
<i>Materials</i>	\$66,976.70	\$269,093.25	\$49,912.84	\$73,081.95	\$61,828.86	\$91,755.46			\$733,446.03
<i>Inmate Labor Direct</i>	\$35,159.54	\$69,235.25	\$77,603.08	\$52,224.20	\$39,047.51	\$221,156.60	\$46,937.18	\$72,996.65	\$215,855.85
Gross Profit	\$16,003.95	\$95,031.56	(\$27,686.92)	(\$10,870.16)	(\$5,632.09)	\$281,250.30	\$141,128.19	\$130,351.15	\$172,304.81
Total Selling Expenses	(\$2,743.74)	\$931.83	\$479.63	\$507.78	\$0.00	(\$521.19)	\$0.00	\$0.00	\$0.00
Total Operating Expenses	\$44,180.62	\$84,236.34	\$53,131.02	\$54,924.47	\$157,299.47	\$72,705.40	\$131,423.21	\$137,211.11	\$286,471.25
<i>Salaries - Classified</i>	\$23,849.98	\$50,653.30	\$25,727.22	\$23,849.93	\$108,672.86	\$34,824.40	\$56,656.05	\$39,423.44	\$144,469.06
<i>Fringe - Administration</i>	\$10,589.22	\$16,579.70	\$10,610.00	\$10,589.21	\$32,351.93	\$22,875.33	\$24,737.48	\$23,309.19	\$57,428.51
<i>Inmte Labor - Indirect</i>	\$5,125.06	\$7,136.28	\$4,321.02	\$6,216.70	\$12,841.43				\$7,871.86
<i>State Cost Allocation</i>									\$12,686.50
Total Other Income									\$12,472.00
Net Income (Loss)	(\$25,432.93)	\$9,863.39	(\$81,297.57)	(\$66,302.41)	(\$162,931.56)	\$209,066.09	\$9,704.98	(\$6,859.96)	(\$101,694.44)

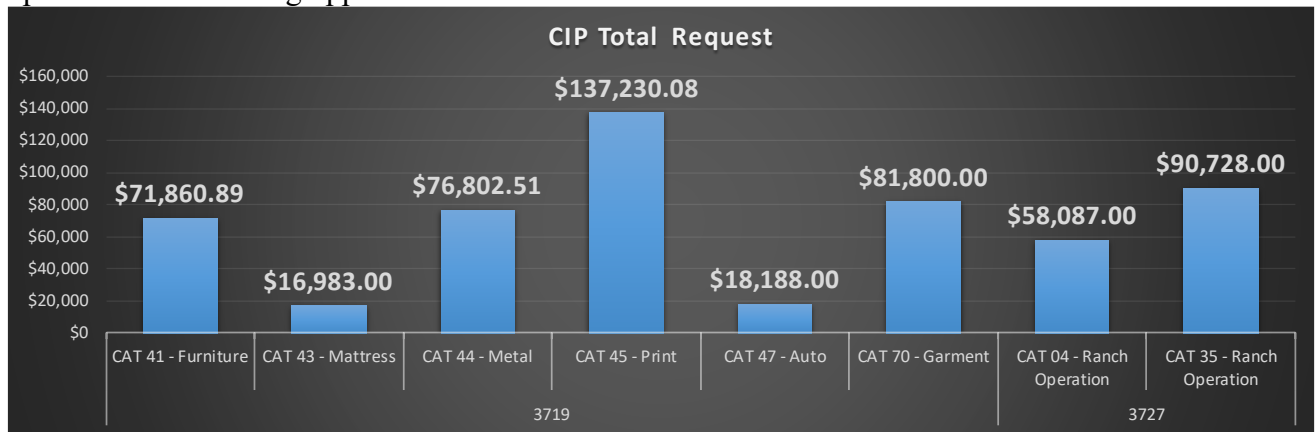
Prison Industries – Capital Improvement Fund (CIP)

The below chart shows “Treasurer’s Interest Distrib” and “Wage Assessment” revenue received by the Prison Industries Capital Improvement Fund (B/A 3728)



Request By Shop

The below chart is a summary of the amount requested by each shop to upgrade and enhance operations and training opportunities.



All requests will improve the primary mission of providing current skillsets to offender labor, assisting them in finding gainful and meaning employment upon release.

SHOP	ITEM DESCRIPTION	ESTIMATED COST	Justification
CAT 41 - Furniture	MiniPress P Deluxe Boring Machine	\$3,800.00	The majority of furniture produced in the Furniture shop requires hinges. Currently, hinges are manually set allowing for human error and inconsistencies, leading to doors and shelving unit alignment issues. This new boring device will ensure hinges are consistently placed improving function and appearance.
CAT 41 - Furniture	NEW ITEM: LU1508-NH Juki Single Needle sewing machine	\$3,599.00	Item will improve operations, & shop efficacy by increasing production. The machine will eliminate down time from repairs on current equipment. Current machines are over 40 years old and replacement parts are no longer produced or available. ROI under 1 year with a life expectancy of thousands of jobs.
CAT 41 - Furniture	SS2-2 5'X10' SYNTEC CNC MACHINE & SMARTSHOP II	\$64,461.89	This item is needed due to the volume of jobs significantly increasing over last fiscal year. In FY23 the shop purchased over \$90,000 in wood products and in the first half of FY24 it has purchased \$40,246.15 to fulfill State and City agency orders. This CNC machine will maximize efficiency, cut down on waste of material, and minimize cutting errors due to the precision of the machine and software. In addition, Laguna Tools will provide two (2) days of machine and software training for our sawyers. This machine is estimated to save Silver State Industries approximately 5% in material costs by cutting down on waste and errors. It will also increase production by 20% due to the efficiency of the software and cuts from the CNC machine.
CAT 43 - Mattress	Juki Light Duty DDL-8700 Sewing Machine	\$ 1,250.00	This item is needed due to the volume of jobs requiring a light duty has increased significantly over last fiscal year. This machine will maximize efficiency due to its light approach and will minimize precision issues from current heavy duty machines that are not designed for lighter materials. This machine is estimated to save Silver State Industries by cutting down on time and redo work. We estimate it will increase production by 50% due to the efficiency of the lighter approach of this machine.
CAT 43 - Mattress	LZH1290-NH Juki ZigZag machine w/ TSM (2 ea.)	\$ 7,275.00	This item is needed due to the volume of jobs requiring this type of stitch has increased significantly over last fiscal year. This machine will maximize efficiency due to its long neck, and minimize precision issues due from the current machine that is not designed for larger panels. This machine is estimated to save Silver State Industries by cutting down on time. We estimate it will increase production by 50% due to the efficiency of the longer neck on this machine.
CAT 43 - Mattress	LU1508-NH Juki Single Needle sewing machine w/ table (2 ea.)	\$ 8,458.00	Item will improve operations and shop efficacy by increasing shop production. The machine will eliminate down time from repairs of existing equipment. Current machines are over 40 years old and replacement parts are no longer produced or available. ROI under 1 year with life expectancy of thousands of jobs.
CAT 44 - Metal	Torchmate 5x10-CNC Plasma Water Table (With installation parts):DXF Importer [use w/any CAD]	\$ 73,199.00	This item will be used to cut base plates and other parts that are currently outsource for structural jobs. It will allow shop to accurately design and cut miscellaneous parts for metal and auto body shops. This would speed up production, lower material costs, and minimize mistakes that can occur when fabricating by hand. This CNC machine will maximize efficiency and cut down on material waste. It will also allow shop to offer custom services and products we are currently unable to produce. Lincoln Electric will provide two (2) days of machine and software training for fabricators.
CAT 44 - Metal	Trinco Floor Sand Blaster Model 42 x 24 Split Level with CFM Abrasive Separator	\$ 3,603.51	This item will improve safety and save material costs and decrease the time it takes to sandblast small items. The shop does not currently have a cabinet that collects, filters, and recycles the abrasive media. This will minimize waste and decrease clean-up time after sandblasting. The use of a cabinet also keeps particulates trapped inside and reduces the risk of eye injury from flying debris (safety and hazard issues).
CAT 45 - Print	Glue Machine: Potdevin	\$ 14,469.00	New gluer to replace current gluer which is out of date. The Shop cannot source replacement parts due to age and instead must fabricate parts which is expensive. Gluer is used for all NDOC logbooks and other books made in the bindery. Shop is limping along with its current gluer but it is in dire need of being replaced.
CAT 45 - Print	Embroidery Machine - Melco	\$ 67,812.96	Current Happy Embroidery machine's motherboard is not functional and cannot be repaired; machine is so old they do not make and/or cannot fix the motherboard. The Shop purchased 6 Melco embroidery machines. These machines are capable of working in unison or independently, which have greatly impacted production. We fulfill custom, personalized orders that require flexibility in production that other embroidery machines do not allow. For example, NDOC officer uniforms require a name. The Melco machines ensure shop is able to embroider a name on one machine and a different design on the other machines as opposed to fixed machines requiring other embroidery heads to run empty for a piece of apparel. Replacing the inoperable Happy machine with 6 Melco machines will improve capacity regarding embroidery heads and further shop ability to best utilize production efficiency.
CAT 45 - Print	REIMBURSE CH-iCUT Programmable Cutter (ALREADY PURCHASED - NEEDED)	\$ 41,250.00	Reimburse Shop budget for the replacement of this machine \$41,250; included the 3 bid cover sheet for the cutter purchased. Due to the time sensitive, urgency of the purchase the shop could not wait before purchasing. Because of the urgency of the cutter needing to be purchased we had discussed possibly having those funds reimbursed from CIP funding.

CAT 45 - Print	Perfect Binder: Canon	\$ 13,698.12	Current perfect binder circuit board is not functional and cannot be repaired; machine is so old shop cannot get replacement parts to fix or replace. A perfect binder will allow shop to continue business with customers like the NDOC, the Secretary of State, the State Library and Archives (binding all legislative bills), the Supreme Court Law Library, the Carson City School District, WNC etc. Orders like binding legislative bills cannot be processed without a perfect binder. A perfect binder is an essential piece of equipment which allows shop to be a full-service print shop. Note: the 3 bid documentation does not include a refreshed quote. The Canon sales rep has not sent an updated quote. The last price point received in September 2023 was \$12,230.46. . The Canon sales rep mentioned there may be a 5-10% increase but is waiting on confirmation.
CAT 47 - Auto	FS-CURTIS 25-30HP 2-STAGE BARE AIR COMPRESSOR PUMP	\$ 8,188.00	The current air compressor is over 40 years old and does not have sufficient pressure to run more than one area of the shop at a time. It has been continually repaired and could break down any moment, leaving the shop functioning at a massively reduced capacity.
CAT 47 - Auto	FORKLIFT PURCHASE Through GSA Auction	\$ 10,000.00	The current forklift is over 40 years old. Without a functioning forklift, the shop cannot move vehicles as needed for repairs. It has been continually repaired and cannot be repaired much longer.
CAT 70 - Garment	(2EA) JUKI DRAPERY TACKER MACHINES #NTC-82 LK-1920	\$20,000.00	Garment/Draperies CIP is essential to increase production by as much as 15%. Due to increased customer orders, it is essential that the shop also increase production in order to keep up with demand. In addition, life expectancy on some crucial machines have been surpassed and replacement parts are no longer available.
CAT 70 - Garment	(1EA) JUKI SERGE MACHINE # MO6816	\$1,900.00	
CAT 70 - Garment	(1EA) CAMATRON KIT FOR LK-1920 CONVERT TO PLEATER	\$2,200.00	
CAT 70 - Garment	(1EA) JUKI ZIG ZAG MACHINE LZH1290-7	\$6,900.00	
CAT 70 - Garment	(1EA) KANSAI WAISTBANDER MACHINE DFB-1404-PMD	\$3,400.00	
CAT 70 - Garment	(2EA) 48" x 60" WORK TABLES FWT4830 STYLE	\$1,600.00	
CAT 70 - Garment	(1EA) LOW PROFILE HEAVY WEIGHT INDUSTRIAL FLOOR SCALE	\$1,850.00	
CAT 70 - Garment	(1EA) FLOOR SCALE RAMP	\$750.00	
CAT 70 - Garment	(1EA) TOOL STORAGE CABINET, 36"W x72"H x24"D MSC#EJ00061812	\$1,600.00	
CAT 70 - Garment	(1EA) EASTMAN CUTTING KNIFE 629 BLUE STREAK D/S 8inch	\$3,700.00	

CAT 70 - Garment	(1EA) JUKI BARTACK MACHINE LK1900	\$5,400.00	
CAT 70 - Garment	(1EA) JUKI DOUBLE NEEDLE LH3528SAGF	\$2,700.00	
CAT 70 - Garment	(2EA) KANSAI WAISTBANDER MACHINE 1/4" NEEDLE SPACE FBX1104PR4	\$8,000.00	
CAT 70 - Garment	(2EA) JUKI SINGLE NEEDLE MACHINE # DDL 8700	\$2,300.00	
CAT 70 - Garment	(5EA) JUKI SERGE MACHINES 5-THREAD MO6716D BH650	\$10,500.00	
CAT 70 - Garment	(20EA) CHAIRS FOR SEWING STATIONS	\$9,000.00	
CAT 04 - Ranch Operation	4500 Dual - New	\$ 58,087.00	A newer functional truck is needed for ranch operations, towing, animal feed, etc.
CAT 35 - Ranch Operation	Horse Coral Panels, Gates and Feeders	\$ 90,728.00	Corals are a safety issue for animals and offender labor and needed for the ranch operations.