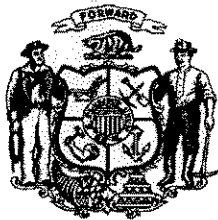


THE STATE OF WISCONSIN

C

SENATE CHAIR
BRIAN BURKE

316-S Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-8535



ASSEMBLY CHAIR
JOHN GARD

315-N Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: (608) 266-2343

JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Brian Burke
Representative John Gard
Co-Chairs, Joint Committee on Finance

Date: May 19, 1999

Re: Quarterly Report on Prison Industries

Enclosed please find a copy of the third quarter report on Prison Industries for the period ending March 31, 1999. This report is required by s. 303.019, Stats.

This information is for your review only. No action is required by the Committee.

BB:JG:js

Tommy G. Thompson
Governor

Jon E. Litscher
Secretary



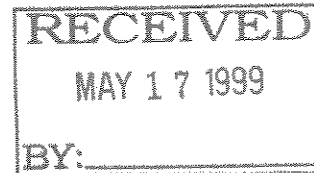
State of Wisconsin
Department of Corrections

Mailing Address

149 East Wilson Street
Post Office Box 7925
Madison, WI 53707-7925
Telephone (608) 266-2471
Fax (608) 267-3661

May 13, 1999

Senator Brian Burke, Co-Chair
Joint Committee on Finance
Room 316, South Capitol
Madison, WI INTER-D



Representative John Gard, Co-Chair
Joint Committee on Finance
Room 315, North Capitol
Madison, WI INTER-D

Dear Senator Burke and Representative Gard:

Attached is the third quarter report on Prison Industries for the fiscal year ending June 30, 1999, as required by Section 303.019 of the Wisconsin Statutes. This report includes the year-to-date cash balance of each industry. This report reflects private sector joint venture balances separately from the remainder of Prison Industries.

Traditional Prison Industries

Traditional Industries cash receipts for the period July 1, 1998 through March 31, 1999 were \$14,556,678. Cash expenditures for the same time period were \$13,851,782. Through the 3rd quarter of this fiscal year, revenues exceeded expenditures by \$704,896.

Traditional Industries are projecting a \$616,200 profit on a cash basis for the fiscal year. On an accrual basis, a profit of \$866,200 is projected for the period ending June 30, 1999. Traditional Industries will end FY99 with a cash fund balance of \$1,080,300.

Private Sector Ventures

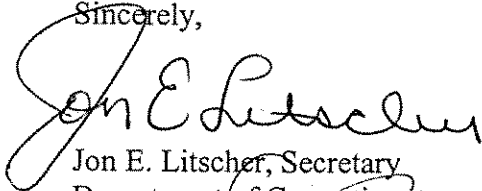
Private Sector Venture receipts for the period July 1, 1998 through March 31, 1999 were \$188,926. Cash expenditures for the same time period were \$504,277. Through the 3rd quarter of this fiscal year, expenditures exceeded revenues by \$315,351. This is partially offset by accounts receivables of \$40,150

Senator Brian Burke and Representative John Gard
May 13, 1999
Page 2

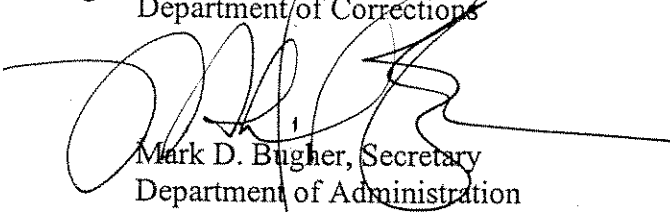
In viewing the cash deficit, it should also be noted that these numbers do not reflect the financial benefits realized by the State in the form of room and board payments, state and federal taxes, crime victim restitution and child support payments. Through FY98 this amount was in excess of \$933,000. During the first three-quarters of FY99, \$210,000 was collected and it is estimated that the total collected for FY99 will be approximately \$295,000.

The Department would be happy to respond to any questions you may have on this matter.

Sincerely,



Jon E. Litscher, Secretary
Department of Corrections



Mark D. Bugher, Secretary
Department of Administration

Attachments

Cc: Cindy O'Donnell, DOC
Dick Verhagen, DAI
Cynthia Archer, DMS
Doug Percy, DOA
Mary Cassady, BoB
Mary Rondou, BCE
Bev Balakhovsky, BFAS

Jessica O'Donnell, DOC
Cynthia Schoenike, DAI
Bob Margolies, Sec Off
Steve Kronzer, BCE
Colleen Godfriaux, BoB
Bill Clausius, Sec. Off
Sue Johnson, BFAS

BADGER STATE INDUSTRIES

YEAR TO DATE CASH BALANCE SUMMARY BY INDUSTRY

AS OF MARCH 31, 1999

TRADITIONAL INDUSTRIES				
INDUSTRY	ACCUMULATED CASH BALANCE	FY99 YTD REVENUE	FY99 YTD EXPENDITURE	CASH BALANCE 03/31/99
MANAGEMENT & SUPPORT	0.00	705.49	1,960,534.89	(1,959,829.40)
SOLID WASTE REDUCT&RECYCL	(75,577.82)	31,002.30	3,693.76	(48,269.28)
DISCONT. INDUSTRIES	(2,082,226.53)	0.00	0.00	(2,082,226.53)
METAL STAMPING	10,220,138.16	2,302,068.21	1,361,588.54	11,160,617.83
OSHKOSH LAUNDRY	492,352.72	870,312.43	406,619.96	956,045.19
GREEN BAY LAUNDRY	341,160.01	302,306.37	118,668.12	524,798.26
DISTRIBUTION CENTER	0.00	3,365.00	617,267.77	(613,902.77)
TEXTILES	(1,828,766.32)	589,690.22	443,530.01	(1,682,606.11)
JCI TEXTILES	(50,854.59)	152,037.04	287,454.14	(186,271.69)
REECC DATA ENTRY	(5,597.92)	35,639.89	56,129.27	(26,087.30)
RCI DATA ENTRY	(1,232,506.17)	185,190.63	142,757.12	(1,190,072.66)
SIGNS	(215,045.07)	1,690,622.66	1,045,704.10	429,873.49
SILKSCREENING SVCS	(1,012,744.44)	275,272.43	183,913.72	(921,385.73)
COLUMBIA PRINTING	10,461.46	822,591.30	630,608.88	202,443.88
WOOD & LAMINATING	(10,290,918.84)	1,034,379.49	1,488,563.87	(10,745,103.22)
METAL/SYSTEM FURNITURE	5,397,591.40	4,549,263.24	3,864,258.38	6,082,596.26
UPHOLSTERY	796,591.95	1,712,231.12	1,276,489.63	1,232,333.44
TOTAL	464,058.00	14,556,677.82	13,887,782.16	1,132,953.66
Salary & Fringe Transfer to 189 for 1st, 2nd & 3rd Qtrs.			(36,000.00)	36,000.00
TOTAL	464,058.00	14,556,677.82	13,851,782.16	1,168,953.66

PRIVATE SECTOR VENTURES				
INDUSTRY	ACCUMULATED CASH BALANCE	FY99 YTD REVENUE	FY99 YTD EXPENDITURE	CASH BALANCE 03/31/99
PRIV-PARTNER-GLOVES	(948,986.65)	75,424.12	202,338.47	(1,075,901.00)
PRIV-PARTNER-CONVEYORS	46,841.68	41,498.42	20,980.73	67,359.37
PRIV-PARTNER-GLOVE-JCI	(377,912.03)	72,003.31	244,957.53	(550,866.25)
TOTAL	(1,280,057.00)	188,925.85	468,276.73	(1,559,407.88)
Salary & Fringe Transfer from 134 for 1st, 2nd & 3rd Qtrs.			36,000.00	(36,000.00)
TOTAL	(1,280,057.00)	188,925.85	504,276.73	(1,595,407.88)

BADGER STATE INDUSTRIES
 FISCAL 1999
 TRADITIONAL INDUSTRIES
 APPROPRIATION 134

	ACTUAL STATUTORY BASIS AS OF 3/31/99	PROJECTED STATUTORY BASIS AS OF 6/30/99	ACCRUAL BASIS ADJUSTMENTS	PROJECTED ACCRUAL BASIS AS OF 6/30/99
REVENUE-CASH A/R INCR/(DECR) REVENUE-ACCRUAL	14,556,678	22,220,000	0 *	22,220,000
COST OF GOODS INVENTORY CHANGE DEPRECIATION	12,186,453	19,103,800	0 * (250,000) **	18,853,800
SELLING EXPENSE ADMIN EXPENSE	306,901 1,358,428	400,000 2,100,000		400,000 2,100,000
PROFIT(LOSS)	704,896	616,200	(250,000)	866,200
BEG CASH BAL	464,058	464,058		
CASH PROFIT(LOSS)	704,896	616,200		
END CASH BAL	1,168,954	1,080,258		

* - Assumes no change in year-end balance at this time.
 ** - It is estimated that depreciation expenses will be approximately \$250,000 lower than capital spending on cash basis

BADGER STATE INDUSTRIES
 FISCAL 1999
 PRIVATE SECTOR VENTURES
 APPROPRIATION 189

	ACTUAL STATUTORY BASIS AS OF 3/31/99	PROJECTED STATUTORY BASIS AS OF 6/30/99	ACCRUAL BASIS ADJUSTMENTS	PROJECTED ACCRUAL BASIS AS OF 6/30/99
REVENUE-CASH	188,926	302,100		
A/R INCR/(DECR)			0 *	
REVENUE-ACCRUAL				302,100
COST OF GOODS	499,377	686,600		
INVENTORY CHANGE				
DEPRECIATION			3,500	
MASTER LEASE			(29,500)	660,600
SELLING EXPENSE	0	0		0
ADMIN EXPENSE	4,900	6,400		6,400
PROFIT(LOSS)	(315,351)	(390,900)	(26,000)	(364,900)
BEG CASH BAL	(1,280,057)	(1,280,057)		
CASH PROFIT(LOSS)	(315,351)	(390,900)		
END CASH BAL	(1,595,408)	(1,670,957)		

* - Assumes no change in year-end balance at this time.

Prison Industries
Projected Accrual Profit and Loss Statement
As of 3/31/99

Traditional Prison Industries

Projected Revenue		\$22,220,000
Projected Cost of Goods Sold	\$18,853,800	
Projected Selling Expense	400,000	
Projected Administrative Expense	2,100,000	
		<u>21,353,800</u>
Projected Accrual Basis Profit 6/30/99		<u>\$ 866,200</u>

Private Sector Ventures

Projected Revenue		\$302,100
Projected Cost of Goods Sold	\$660,600	
Projected Selling Expense	0	
Projected Administrative Expense	6,400	
		<u>667,000</u>
Projected Accrual Basis Profit 6/30/99		<u>(364,900)</u>

Prison Industries
Projected Cash Profit and Loss Statement
As of 3/31/99

Traditional Prison Industries

Projected Revenue		\$22,220,000
Projected Cost of Goods Sold	\$19,103,800	
Projected Selling Expense	400,000	
Projected Administrative Expense	2,100,000	
		<u>21,603,800</u>
Projected Cash Profit – June 30, 1999		\$ 616,200
Plus Beginning Cash Balance		<u>464,058</u>
Ending Cash Balance – June 30, 1999		<u>\$ 1,080,258</u>

Assumes inventory and accounts receivables remain at FY98 year-end levels. Also assumes additional revenues and expenses over the original biennial budget based on current projections.

Private Sector Ventures

Projected Revenue		\$302,100
Projected Cost of Goods Sold	\$686,600	
Projected Selling Expense	0	
Projected Administrative Expense	6,400	
		<u>693,000</u>
Projected Cash Deficit – June 30, 1999		(\$390,900)
Plus Beginning Cash Balance		<u>(1,280,057)</u>
Ending Cash Balance – June 30, 1999		<u>(\$1,670,957)</u>

Assumes accounts receivables remain at FY98 year-end levels.

STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

316 South, State Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: 266-8535



ASSEMBLY CHAIR
JOHN GARD

315 North, State Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: 266-2343

JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Brian Burke
Representative John Gard

Date: August 6, 1999

Attached is a copy of a report from the Department of Corrections, pursuant to a December 2, 1998, authorization by the Joint Finance Committee, which allows the Department to modify the number of inmates at currently approved sites, not to exceed the total number of out-of-state beds approved by the Committee. The Department was also required to report any modification to site-specific caps to the Committee within five working days.

This report provides information on the Department's plan to reduce the number of beds at the federal prison camp in Duluth, Minnesota, by 46 and transfer an equivalent number of beds to the Corrections Corporation of America facility in Sayre, Oklahoma.

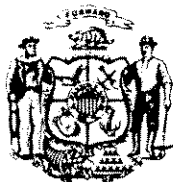
The report is being provided for your information only. No formal action is required by the Committee. Please feel free to contact us if you have any questions.

Attachment

BB:JG:dh

Tommy G. Thompson
Governor

Jon E. Litscher
Secretary



State of Wisconsin
Department of Corrections

Mailing Address

149 East Wilson Street
Post Office Box 7925
Madison, WI 53707-7925
Telephone (608) 266-2471
Fax (608) 267-3661

August 4, 1999

The Honorable Brian Burke, Co-Chair
The Honorable John Gard, Co-Chair
Joint Committee on Finance

Dear Senator Burke and Representative Gard:

On December 2, 1998, the Joint Committee on Finance authorized the Department of Corrections to modify the number of authorized inmates at currently approved sites, without certification by the Committee Co-chairs, as long as the number of out-of-state beds does not exceed the total number approved by the Committee, and with the requirement that the Department report any modification to the site-specific caps to the Committee within five working days. I am writing to report that the Department will be making such a modification, in compliance with this directive of the Committee.

The Department is currently authorized to occupy 400 inmate beds in the Duluth Federal Prison Camp (DUFC), in Duluth, Minnesota. There are now 354 inmates at DUFC. These are minimum-security beds, and due to classification restrictions, the Department has not been able to reach the capacity of 400. DOC is also authorized 1057 beds at the North Fork Correctional Facility (NFCF) in Sayre, Oklahoma, which has a population capacity of 1440. As a result, I intend to maintain the current number of inmates at DUFC and transfer the authority for 46 inmate beds from Duluth to the North Fork facility. I view this as the best avenue to address the population needs facing the Department at this time. It is also consistent with our overall goal of consolidation that I mentioned to you in my recent letter of August 2, 1999.

Please do not hesitate to contact me if you have any questions or concerns.

Sincerely,

A handwritten signature in cursive script that reads "Jon E. Litscher".

Jon Litscher, Secretary
Department of Corrections

cc: Robert Lang, Legislative Fiscal Bureau
Mark Bugher, Department of Administration

STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

316 South, State Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: 266-8535



ASSEMBLY CHAIR
JOHN GARD

315 North, State Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: 266-2343

JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Brian Burke
Representative John Gard

Date: August 3, 1999

Attached is a copy of a report from the Department of Corrections, pursuant to a December 2, 1998, authorization by the Joint Finance Committee, which allows the Department to modify the number of inmates at currently approved sites, not to exceed the total number of out-of-state beds approved by the Committee. The Department was also required to report any modification to site-specific caps to the Committee within five working days.

This report provides information on the Department's plan to eliminate the use of jail beds in Texas over the next year and consolidate inmates in larger contract facilities.

The report is being provided for your information only. No formal action is required by the Committee. Please feel free to contact us if you have any questions.

Attachment

BB:JG:dh

Tommy G. Thompson
Governor

Jon E. Litscher
Secretary



State of Wisconsin
Department of Corrections

Mailing Address

149 East Wilson Street
Post Office Box 7925
Madison, WI 53707-7925
Telephone (608) 266-2471
Fax (608) 267-3661

August 2, 1999

The Honorable Brian Burke, Co-Chair
The Honorable John Gard, Co-Chair
Joint Committee on Finance

Dear Senator Burke and Representative Gard:

On December 2, 1998, the Joint Committee on Finance authorized the Department of Corrections to modify the number of authorized inmates at currently approved sites, without certification by the Committee Co-chairs, as long as the number of out-of-state beds does not exceed the total number approved by the Committee, and with the requirement that the Department report any modification to the site-specific caps to the Committee within five working days. I am writing to report that the Department will be making such a modification, in compliance with this directive of the Committee.

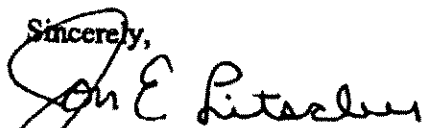
My overall goal is to consolidate our contracted bed space wherever feasible. By doing so, we maximize the use of our limited resources, (e.g., transportation cost, ability to monitor, etc.). The Department is currently authorized to occupy 740 inmate beds in eight Texas County Jail facilities spread throughout east Texas. As part of my consolidation plan, gradually over the course of the next year I intend to eliminate these Texas County Jail contracts and use other, larger contract facilities.

We are also authorized to assume 1057 beds at the North Fork Correctional Facility (NFCF) in Sayre, Oklahoma, which has a population capacity of 1440. As a starting point for this consolidation plan, throughout the forthcoming year as men return from Texas, I do not intend to replace them. Instead, inmates will be sent to our contract institutions, NFCF in Sayre, Oklahoma and the Whiteville Correctional Facility (WCF) in Whiteville, Tennessee, until these institutions are at capacity. When both NFCF and WCF are at capacity, we intend to have additional contract space available to house the remaining Texas bed numbers through the release of a Request for Proposal (RFP) to locate additional contract beds per the 1999-01 State Budget. Again, this will be a gradual shift occurring through attrition over a period of one year.

In conclusion, it is my understanding these modifications are consistent with the December 2, 1998 directive of Joint Finance, and the Department will not need to advise the committee each time a transfer occurs. These actions use only currently approved contract sites, and will not exceed the total number of authorized beds.

Please do not hesitate to contact me if you have any questions or concerns.

Sincerely,



Jon Litscher, Secretary
Department of Corrections

cc: C. O'Donnell
J. O'Donnell
D. Verhagen
J. Wydeven
M. Cassidy
B. Margolies
B. Clausius

Tommy G. Thompson
Governor

Jon E. Litscher
Secretary



State of Wisconsin
Department of Corrections

Mailing Address

149 East Wilson Street
Post Office Box 7925
Madison, WI 53707-7925
Telephone (608) 266-2471
Fax (608) 267-3661

August 2, 1999

The Honorable Brian Burke, Co-Chair
The Honorable John Gard, Co-Chair
Joint Committee on Finance

Dear Senator Burke and Representative Gard:

On December 2, 1998, the Joint Committee on Finance authorized the Department of Corrections to modify the number of authorized inmates at currently approved sites, without certification by the Committee Co-chairs, as long as the number of out-of-state beds does not exceed the total number approved by the Committee, and with the requirement that the Department report any modification to the site-specific caps to the Committee within five working days. I am writing to report that the Department will be making such a modification, in compliance with this directive of the Committee.

My overall goal is to consolidate our contracted bed space wherever feasible. By doing so, we maximize the use of our limited resources, (e.g., transportation cost, ability to monitor, etc.). The Department is currently authorized to occupy 740 inmate beds in eight Texas County Jail facilities spread throughout east Texas. As part of my consolidation plan, gradually over the course of the next year I intend to eliminate these Texas County Jail contracts and use other, larger contract facilities.

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In conclusion, it is my understanding these modifications are consistent with the December 2, 1998 directive of Joint Finance, and the Department will not need to advise the committee each time a transfer occurs. These actions use only currently approved contract sites, and will not exceed the total number of authorized beds.

Please do not hesitate to contact me if you have any questions or concerns.

Sincerely,



Jon Litscher, Secretary
Department of Corrections

cc: C. O'Donnell
J. O'Donnell
D. Verhagen
J. Wydeven
M. Cassady
B. Margolies
B. Clausius

STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

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ASSEMBLY CHAIR
JOHN GARD

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Madison, WI 53708-8952
Phone: 266-2343

JOINT COMMITTEE ON FINANCE

November 12, 1999

Secretary Jon Litscher
Department of Corrections
149 E. Wilson Street
Madison, WI 53703

Dear Secretary Litscher:

On October 15, 1999, you notified the Joint Committee on Finance of the Department of Corrections' intention to expand the Badger State Industry (BSI) product line in the textile manufacturing industry to include county jail clothing, health care staff and patient clothing, BSI staff clothing and work clothing for Indian tribes. The Co-Chairs of the Committee informed Committee members of your intention and, in accordance with previous Committee action from 1996 when the clothing manufacturing industry began, sought comment from Committee members on the expansion. The resulting comments and questions are attached.

In general, concerns were expressed regarding BSI's competition with private sector clothing manufacturers. These concerns are similar to those expressed by the Committee back in 1996 when the clothing manufacturing industry was created. In order to promptly address Committee members questions, we ask that you respond to the attached letters by November 29, 1999. Please forward a copy of your response to the Co-Chairs for distribution to Committee members.

Sincerely,

Handwritten signature of Brian Burke in black ink.

BRIAN BURKE
Senate Chair

Handwritten signature of John Gard in black ink.

JOHN GARD
Assembly Chair

BB/JG/dh
Attachments



STATE REPRESENTATIVE
ANTONIO R. RILEY
18TH ASSEMBLY DISTRICT

November 10, 1999

State Senator Brian Burke
State Representative John Gard
Co-Chairs, Joint Committee on Finance
State Capitol
Madison, Wisconsin

Re: Badger State Industries Clothing Manufacturing Industry

Dear Senator Burke and Representative Gard:

As part of its effort to expand the use of inmate labor, the Department of Corrections (DOC) plans to expand the Badger State Industries (BSI) textile line. I have frequently expressed my concerns about how inmate labor may displace law-abiding workers from their jobs. The planned expansion of the BSI textile line again forces me to raise these concerns.

Currently, BSI manufactures clothing for state inmates. Under the planned expansion, BSI would add the following to its product line: county jail inmate clothing; health care staff and patient clothing; staff clothing for BSI staff; and work clothing for the Tribes.

Will this expansion result in the loss of work for law-abiding workers in Wisconsin or elsewhere in the country? I would respectfully request that the Department address this question and report back to the Joint Finance Committee on their finding. Furthermore, in the Department's report, I would like to see a complete list of the private sector companies that currently supply clothing products for:

- county jail inmates (in all counties, because BSI projects selling to all in the future);
- health care staff and patients (including DOC, DHFS institutions, the non-profit hospitals that have inquired about BSI as a supplier, veterans centers);
- BSI staff; and
- the Tribes.

For each of the private companies currently supplying the clothing, I would like the Department to provide:

- Name and address of the company;
- Contact person at the company;
- Phone number of the company; and
- Number of employees involved with manufacture of clothing.

Sincerely,

Antonio R. Riley
State Representative
18th Assembly District

ROBERT L. COWLES

Wisconsin State Senator • 2nd Senate District

November 5, 1999

Senator Brian Burke, Senate Chairman
Representative John Gard, Assembly Chairman
Joint Committee on Finance

Dear Chairman Burke and Chairman Gard,


I am writing to you today regarding the proposed expansion of Badger State Industries produce line in the textile manufacturing industry.

Just recently a company has contacted me in my district that feels an expansion of Badger State Industries textile division into the clothing line could create even more problems for an already struggling industry. Eagle Knitting Mill in Shawano feels they would not be able to compete with the low cost of state subsidized prison labor in the market. Eagle Knitting Mill is a textile company that currently employs 43 individuals at their Shawano location.

I would appreciate it if you would include these comments in any correspondence you send to the department on this issue.

Thank you for your prompt attention to my request. If you desire additional information please contact me.

Sincerely,



ROBERT L. COWLES
State Senator
2nd Senate District

Office:

Room 305, 119 Martin Luther King Jr. Blvd
P.O. Box 7882
Madison, WI 53707-7882
608-266-0484

Toll-free Hotline: 1-800-334-1465

TDD Hotline: 1-800-228-2115

Fax 608-267-0304

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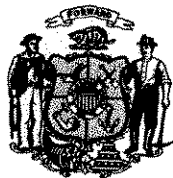
Home:

300 W. St. Joseph Street, #23
Green Bay, WI 54301-2328
920-448-5092

STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

316 South, State Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: 266-8535



ASSEMBLY CHAIR
JOHN GARD

315 North, State Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: 266-2343

JOINT COMMITTEE ON FINANCE

MEMORANDUM

TO: Members
Joint Committee on Finance

FROM: Senator Brian Burke
Representative John Gard
Co-Chairs, Joint Committee on Finance

DATE: October 28, 1999

RE: Badger State Industries Clothing Manufacturing Industry

Attached is a memorandum from the Legislative Fiscal Bureau and a letter and market study from the Department of Corrections regarding the expansion of Badger State Industries (BSI) product line in the textile manufacturing industry to include county jail inmate clothing, health care staff and patient clothing, BSI staff clothing and work clothing for Indian tribes. This memo is being provided for your information only.

If members have comments regarding this expansion, please contact Senator Burke or Representative Gard by November 5, 1999. Any comments received will be communicated to the Department of Corrections.

BB:JG:js
Attachments



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

October 28, 1999

TO: Representative John Gard
Senator Brian Burke
Co-Chairs, Joint Committee on Finance

FROM: Jere Bauer, Fiscal Analyst

SUBJECT: Badger State Industries -- Clothing Manufacturing Industry Product Line Expansion

At your request, I am providing information regarding a letter the Co-Chairs received from the Department of Corrections on an expansion of the Badger State Industries product line in the textile manufacturing industry. Specifically you requested: (a) information on the statutes related to Committee action associated with establishment of a new industry; and (b) a brief summary of prior Committee actions regarding the clothing manufacturing industry.

Under s. 303.01 (1)(c), "Prior to establishing any prison industry, the department shall provide written notification of its proposed action to the cochairpersons of the joint committee on finance. The cochairpersons shall hold a public hearing before the committee concerning the proposal." On April 16, 1996, a hearing was held regarding the creation of a textile manufacturing (clothing) industry. In accordance with the Statutes, subsequent to the hearing, Corrections began operating a clothing manufacturing industry.

At the April 16, 1996, hearing related to establishment of the clothing manufacturing industry and the following day at a Committee meeting, concerns were expressed regarding the scope of products provided through the clothing industry. On April 29, 1996, the Co-Chairs sent a letter to the Secretary of the Department of Corrections indicating the following: "While clothing manufacturing for the needs of Corrections inmates may be appropriate, the expansion into manufacturing of staff uniforms, clothing for local governments or other state agencies and other sewn products could cause unfair competition with Wisconsin businesses. Before Badger State Industries (BSI) expands the clothing industry to other products, the Committee should be informed of any such proposal and be given an opportunity to comment on it." On May 15, 1996, the Secretary of the Department of Corrections responded that the Committee would be informed when BSI was prepared to expand its clothing operation.

As a result, Corrections sent a letter (dated October 15, 1999) to the Co-Chairs indicating BSI's intent to expand the product line. No Committee action is required in response.

I hope this information is of assistance.

Tommy G. Thompson
Governor

Jon E. Litscher
Secretary



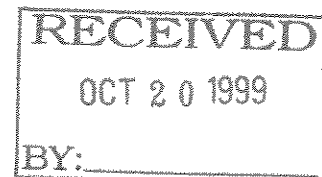
State of Wisconsin
Department of Corrections

Mailing Address

149 East Wilson Street
Post Office Box 7925
Madison, WI 53707-7925
Telephone (608) 266-2471
Fax (608) 267-3661

October 15, 1999

Senator Brian B. Burke, Co-Chair
Representative John Gard, Co-Chair
Joint Committee on Finance
Rooms 316 South and 315 North
State Capitol
Madison, Wisconsin



Dear Senator Burke and Representative Gard,

On April 2, 1996 the Department of Corrections notified the Joint Committee of its intent to establish a Prison Industries Textile Factory at the Jackson Correctional Institution and requested that the Committee conduct a public hearing under Section 303.01(1)(c) of the Wisconsin Statutes.

At the time of the notification the Department indicated that the initial Prison Industry products to be produced would be state inmate clothing, but that potentially clothing items could be produced for other state agencies as well as for other units of government.

In a July letter to the Department of Administration Secretary, which approved the initial staff for the Textile Industry at the Jackson Correctional Institution, the Assembly Chair of the Joint Finance Committee requested that the Department of Corrections notify the Committee of any expansion of the clothing industry beyond state inmate clothing.

In the past three years the industry has added inmate pants to its product line and most recently totally redesigned both the inmate shirts and pants for state facilities. Anticipated revenues for fiscal 99/00 sales of state inmate clothing are \$200,000.

The textile operations are now in a position to expand their product line and their customer base. This expansion will occur by adding to its product line:

- County jail inmate clothing
- Healthcare staff and patient clothing
- Staff clothing for Prison Industries' staff
- Work clothing for the Tribes

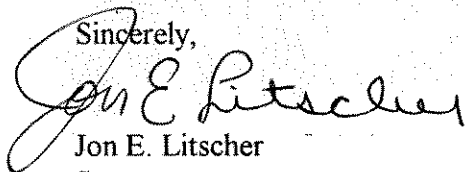
In all cases, potential customers have requested to purchase these items from Prison Industries. Further, all products to be produced are currently purchased from out of state businesses. Many of the products are likely manufactured outside the United States.

As indicated in the attached market study, by full operations, these added products and customers will generate \$127,000 in gross revenues, \$6,350 in profit and 24 additional jobs. Current excess capacity in the Textile Industries at the Green Bay and Jackson Correctional Institutions will be utilized to produce these products. Therefore, no additional staff or equipment will be needed.

The Prison Industries Board approved this expansion at its September 15, 1999 meeting.

We would be happy to respond to any questions you may have on this matter.

Sincerely,

A handwritten signature in cursive script that reads "Jon E. Litscher". The signature is written in black ink and is positioned above the printed name and title.

Jon E. Litscher
Secretary

Cc: Cindy O'Donnell
Jessica O'Donnell
Dick Verhagen
Cynthia Schoenike
Steve Kronzer
PIB Members

Market Study
for
Specific Textile products
September 1999

This study was conducted based on the following assumptions:

- Badger State Industries would like to expand its textile product line and customer base,
- A major state, or other governmental, agency customer must be identified prior to product development,
- Products developed and competitively priced for large governmental agencies will also sell in the smaller markets available to BSI,
- Badger State Industries does not want to compete with Wisconsin vendors,
- BSI would like to respond to customer requests for product development or expansion.

Four areas for product/customer expansion were reviewed; (1) inmate clothing for county detention facilities, (2) patient and staff clothing for healthcare facilities, (3) work uniforms for BSI staff, and (4) various sewn products, including uniforms, for Tribal operations.

County Detention Center Clothing

The county detention center or "jail" clothing market has been a goal for BSI since the opening of the Jackson Textile shop. Research performed in 1995 indicated the market was of significant size but highly competitive. BSI's success with the state inmate clothing program required further research in 1998. Again, county purchasing agents invited BSI to bid, but early prototypes did not cost out as competitive. But, in 1999, as the direct result of our experience in state inmate clothing and aggressive bidding to bring down our costs, Badger State Industries now believes it has a competitive product for the jail market.

To determine the jail clothing market studies were done on Dane and Milwaukee counties. Lessor contacts were made with Rock, Brown and La Crosse counties. Dane and Milwaukee (which includes the House of Corrections) counties purchase the same pull-on pants and shirt products and have bid their clothing the last two years. The usual winner is Robinson Textiles in southern California. Dane spends about \$14,200 annually on an average daily population (ADP) of 1020 inmates. That tabulates to \$13.92 per inmate. Milwaukee spends nearly \$40,000 annually on an ADP of 3400 inmates. That's \$11.76 spent per inmate yearly. Using these figures and the ADP of all county jails in

Wisconsin, approximately 12,000, the statewide market can be computed as ranging from \$141,000 to \$167,000 annually. It is assumed that if BSI can win bids in Dane and Milwaukee counties than its products will be competitively priced for all counties.

Current, preliminary costing indicates a possible 10% profit margin for the jail pant and shirt products. Therefore if BSI aggressively markets the products, sales revenues of \$150,000 could be achieved with profits around \$15,000 annually. This product line is considered a natural extension of the state inmate clothing line and an excellent opportunity for the successful expansion of the textile industry.

Healthcare, Staff and Patient Clothing

The healthcare market was studied in a manner similar to the detention market. Although BSI has had inquiries from the DOC, non-profit hospitals, veteran centers and Department of Health and Family Services (DHFS) institutions, it is the DHFS institutions that were studied and their needs will, initially, define the product line developed. DHFS has six health facilities around the state with a total population of 1875 patients. Contact was made with procurement personnel at several DHFS institutions but purchasing data on patient clothing came from the Winnebago institution. Purchasing at Winnebago also covers the Resource Center, a combined population of 685. Figures developed from Winnebago were then extrapolated out to define the whole DHFS population.

First, DHFS purchases very little clothing for their staff. Lab coats are used sparingly and scrub suits not at all. As an example, Mendota reported spending only \$1000 for staff in 1998. However, the patient clothing market appears good. The five most purchased patient items were identified by Winnebago and they are: t-shirts, briefs, pajama bottoms, sweatpants and gowns. A total of nearly \$30,000 is spent annually at Winnebago. Extrapolated out, that's a DHFS market of about \$80,000. Winnebago currently bids these products and has received some very competitive prices, all from out of state vendors. But, once again, these same products can be sold to the larger healthcare market and to correctional markets. Current state procurement activity records show state agency purchases in excess of \$800,000 for underwear items.

BSI Staff Clothing

A review of purchasing records at BSI indicate that a variety of pant and shirt products are purchased for a total of \$1589. For BSI to develop and produce staff clothing the uniforms would need to be standardized and a larger market for those products would need to be identified. As mentioned earlier, the Ho Chunk represent a significant market for work uniforms, including polo shirts and a jean style pant. Clearly other state agencies, including the DOC, use similar products.

Tribal Textiles

Procurement personnel from the Ho Chunk Tribe contacted Badger State Industries in the summer of 1998, asking of BSI's interest in bidding on various uniforms for staff working in their various operations. Currently bidding and buying from out of state*, the Ho Chunk representative expressed a strong interest in working with BSI at Black River Falls (JCI). Although their uniform needs are extensive, from kitchen whites, polos, pants to maintenance jumpsuits, they have suggested starting with just a few items and expanding slowly with additional products. An expansion methodology that works very well for BSI.

BSI inquiries as to market size have provided few details, although an estimate of \$100 per employee annually was suggested. The Tribe has 1800 employees at its facility at Black River Falls, a number that doubled just last year and is expected to grow to 2500 this year. At \$100 per employee that's a \$250,000 market. The Ho Chunk have two other facilities with 2500 employees. It seems possible that even with a limited product offering this could be a \$500,000 market.

It should be noted in this discussion of developing a line of uniforms for the Ho Chunk that many of the products developed can be marketed to other customers. Kitchen, maintenance and work clothing, casual and dress, are purchased by many state agencies, including our own.

* Identity Uniform and Apparel, McHenry, IL
ASAP Corp, Gray's Lake, IL

Pro-Forma Income Statement		New Products Only		
		FY 2000	FY 2001	FY 2002
Revenue		\$9,500	\$36,500	\$127,000
Cost of Materials		5,700	21,900	76,200
Direct Labor		1,325	5,000	17,400
Misc. Supplies		100	375	1,300
Shop/Admin. Overhead		1,900	7,400	25,750
Net Profit		\$475	\$1,825	\$6,350

Revenue Projections							
	FY 00		FY 01		FY 02		Additional
Product	Sales	Profit	Sales	Profit	Sales	Profit	Inmates
Jail Clothing	\$3,000	\$150	\$20,000	\$1,000	\$60,000	\$3,000	12
Healthcare	\$2,000	\$100	\$5,000	\$250	\$15,000	\$750	3
Staff Uniforms	\$500	\$25	\$1,500	\$75	\$2,000	\$100	1
Tribal Uniforms	\$4,000	\$200	\$10,000	\$500	\$50,000	\$2,500	8
Totals	\$9,500	\$475	\$36,500	\$1,825	\$127,000	\$6,350	24



John Ainsworth

State Representative • 6th Assembly District

Chair: Assembly Committee on Rural Affairs

November 11, 1999

Representative John Gard, Assembly Chairperson
Joint Committee on Finance
315 North – State Capitol

Senator Brian Burke, Senate Chairperson
Joint Committee on Finance
316 South – State Capitol

Dear Chairpersons Gard and Burke:

As you are aware, an expansion has recently been proposed of the Badger State Industries produce line in the textile manufacturing industry. I am writing to articulate the concerns that the Eagle Knitting Mill in Shawano has relative to this expansion. Eagle Knitting Mill, currently employs 43 persons at the Shawano location, and feels that they simply would not be able to compete with the low cost of state subsidized prison labor in the market, should such an expansion of Badger State Industries take place.

I would sincerely appreciate you including the concerns of the Eagle Knitting Mill in any correspondence that is referred to the department on this expansion issue. Thank you in advance for your attention to the concerns of my constituents. As always, please do not hesitate to contact me with any additional questions.

Sincerely,

JOHN AINSWORTH
State Representative
6th Assembly District

JA/khb



District:
W6382 Waukechon Road
Shawano, Wisconsin 54166
(715) 526-3810

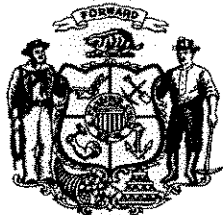
Toll-Free: (888) 529-0006
E-mail: Rep.Ainsworth@legis.state.wi.us
♻️ Printed on recycled paper

Office:
P.O. Box 8952, State Capitol
Madison, Wisconsin 53708-8952
(608) 266-3097 • Fax: (608) 282-3606

THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

316-S Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-8535



ASSEMBLY CHAIR
JOHN GARD

315-N Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: (608) 266-2343

JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Brian Burke
Representative John Gard

Date: November 30, 1999

Re: Dept. of Corrections Responses on Prison Industries

Attached are copies of letters from the Department of Corrections, which respond to concerns about the proposed expansion of the Prison Industries' textile operations.

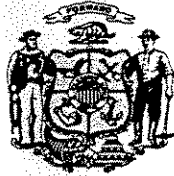
The letters are being provided for your information.

Attachments

BB:JG:dh

Tommy G. Thompson
Governor

Jon E. Litscher
Secretary



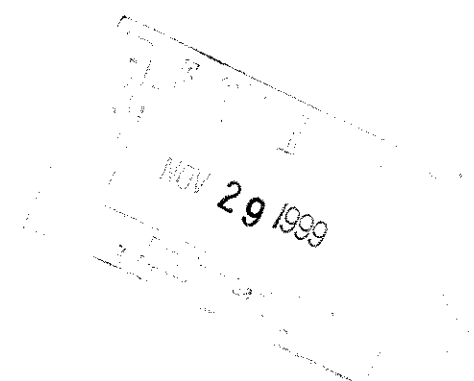
State of Wisconsin
Department of Corrections

Mailing Address

149 East Wilson Street
Post Office Box 7925
Madison, WI 53707-7925
Telephone (608) 266-2471
Fax (608) 267-3661

November 22, 1999

Senator Robert L. Cowles
State Senator
Room 305
119 Martin Luther King Jr. Blvd.
P.O. Box 7882
Madison, WI 53707



Dear Senator Cowles,

I am responding to your letter to the Co-Chairs of the Joint Committee on Finance concerning our expansion of Prison Industries' textile operations. In your letter you indicated that a company in your district contacted you expressing concern that this expansion could create unfair competition.

As a general approach to any expansion of prison industries, we attempt to limit any competition with Wisconsin manufacturers. From what we could learn, the company that contacted you, Eagle Knitting Mill of Shawano, manufactures children's knit apparel items. Industries does not now, nor will it, manufacture children's apparel items. Therefore, we will not be competing with the items currently manufactured by Eagle Knitting Mill.

We contacted Mr. Ed Strenlaw, Chairman of the parent company located in Kenosha to discuss his concern with the expansion of prison industries' textile operation. He stated that he understood that we would not be making products that currently are manufactured by Eagle Knitting, but his concern was that if in the future he wished to manufacture items for markets we are expanding to, his company could not compete with prison industries.

Although we can appreciate that concern, Mr. Strenlaw's stance would establish a standard for prison industries which would preclude any growth in Industries' products or markets. As a result, there would be no increase in meaningful work activities in Industries for inmates in our severely overcrowded prisons. There is neither a product made nor a service provided in prison industries that could not be made or provided by a Wisconsin company.

I can assure you that I, as well as the Prison Industries Board, will continue to be sensitive to the issue of competition with Wisconsin companies anytime we are considering an expansion of prison industries.

I would be pleased to respond to any additional questions you may have on this matter.

Sincerely,

A handwritten signature in cursive script that reads "Jon E. Litscher". The signature is written in dark ink and is positioned above the printed name.

Jon E. Litscher
Secretary

Cc: Senator Brian Burke
Representative John Gard

ATTACHMENT

VENDORS

A. County Jail Clothes

- Bob Barker Company, Inc.
P.O. Box 429
Fuguay-Varina, NC 27526
Tel.: (919) 552-3431
of Employees: 200
Type of Company: Manufacturer/Distributor
Contact: Human Resources Director
- Robinson Textiles
152 W. Walnut St.
Suite 250
Gardena, CA 90248
Tel: 800-421-5582
of Employees: 22
Type of Company: Manufacturer/Distributor
Contact: Catie Markowitz
- American Institutional Supply
7505 W. 27th Street
St. Louis Park, MN 55426
Tel: (612) 497-3500
of Employees: 4
Type of Company: Distributor
Contact: Paul, Sales Manager
- Walter F. Stephens, Jr., Inc.
415 South Avenue
Franklin, OH 45005
Tel: 800-543-7960
of Employees: 35
Type of Company: Manufacturer/Distributor
Contact: Carla Baker
- ICS
P.O. Box 21056
Waco, TX 76702
Tel: 800-524-5427
of Employees: 17
Type of Company: Manufacturer/Distributor
Contact: Eryn

B. Health Care Clothing

- Bob Barker Company, Inc.
(see above)
- Angelica Corporation
424 South Woods Mill Road
Chesterfield, MO 63017
Tel: 800-222-3112
of Employees: 100
Type of Company: Manufacturer/Distributor
Contact: Denise
- Standard Textile Co., Inc.
117 Industrial Blvd. South
Enterprise, AL 36330-3167
Tel: (334) 393-1340
of Employees: 280
Type of Company: Manufacturer

1 Knoll Crest Drive
Cincinnati, OH 45237-1608
Tel: (513) 761-9255
of Employees: 500
Type of Company: Manufacturer/Distributor
Contact: Nancy

C. Prison Industries Staff Work Clothes

- Sunline, Inc.
5935 County K
Waunakee, WI 53597
Tel: (608) 849-5710
of Employees: 6
Type of Company: Distributor
Contact: Laurie

D. Tribal Work Clothes

- Identity Uniform and Apparel
2503 Spring Ridge Road
Spring Grove, IL 60081
Tel: (815) 675-3456
of Employees: 4
Type of Company: Distributor
Contact: Nancy

Tommy G. Thompson
Governor

Jon E. Litscher
Secretary



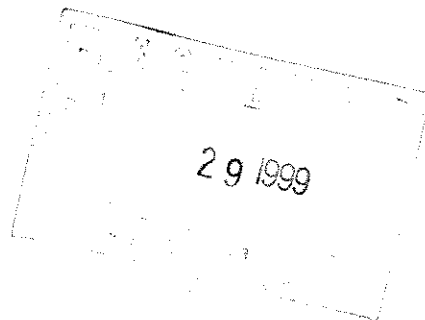
State of Wisconsin
Department of Corrections

Mailing Address

149 East Wilson Street
Post Office Box 7925
Madison, WI 53707-7925
Telephone (608) 266-2471
Fax (608) 267-3661

November 22, 1999

Representative Antonio R. Riley
State Assembly
P.O. Box 8953
Madison, WI 53708-8953



Dear Representative Riley,

I am responding to your letter to the Co-Chairs of the Joint Committee on Finance concerning the expansion of the Prison Industries' textile operations. In your letter you express concern that this expansion will result in the displacement of law-abiding workers from their jobs.

I can assure you that this expansion will not result in the loss of a single Wisconsin manufacturing job. I can state this confidently because with one exception, all of the current vendors for the products Badger State Industries (BSI) will be manufacturing are provided by non-Wisconsin manufacturers or distributors. The one exception involves BSI work clothes, which are currently purchased from a Wisconsin distributor at an annual cost of \$1,500.

This expansion of the textile operation is important to the Department of Corrections as we attempt to cope with ever increasing prison populations. I am sure that you are aware that along with overcrowding has come inmate idleness. For the safety and security of the staff and inmates in our prisons, it is critical that we have productive activities for all inmates. For the benefit of the inmates and society it is essential that inmates are able to learn job skills prior to their release. We know from numerous research studies that offenders who leave prison with work experience are much less likely to reoffend. This modest expansion of one industry operation will obviously not solve our idleness problem or our lack of sufficient meaningful work opportunities; however, it will increase those opportunities without additional tax dollars, since BSI is a self-supporting program.

In the process of deciding whether to proceed with this expansion of the textile operation, I can assure you that I, as well as the Prison Industries Board, took into consideration the impact of this expansion on Wisconsin companies. We determined that the impact would be minimal and would not result in the loss of Wisconsin manufacturing jobs. We will continue to be sensitive and concerned with the impact on free-world jobs in this State as we consider future expansion of meaningful work opportunities for inmates.

The following addresses your request for more information on the project:

A. County Jail Clothing

We contacted each of the 72 counties to request vendor information. Two counties (Burnett and Shawano) failed to respond after numerous calls. One county (Pepin) indicated that information was not available. Two counties (Florence and Menominee) have no jail facility and one county (Jefferson) rents inmate clothing from a laundry service. The remaining counties purchase inmate clothing from five vendors. The vast majority of the counties buy from two companies, Bob Barker Company from Fuguay-Varina, North Carolina (45 counties), and Robinson Textiles from Gardena, California (24 counties). The other three vendors are American Institutional Supply from St. Louis Park, Minnesota (2 counties), Walter F. Stephens, Jr., Inc. from Franklin, Ohio (1 county), and ICS from Waco, Texas (1 county). Ten counties purchase from more than one of the five vendors. A list of the vendors, addresses, phone numbers, number of employees, contact person and nature of the company is included in the attachment to this letter.

B. Health Care Clothing

Contacts have occurred on health care clothing with Mendota and Winnebago Mental Health Institutes in DHFS, our own correctional health staff, the State Veterans Home at King, and Gunderson Lutheran Hospital in LaCrosse. The Institutes purchase patient gowns from the Bob Barker Company in Fuguay-Varina, North Carolina. The Corrections Health Services purchases staff clothing and the Veterans Home purchases patients clothing from Angelica Uniforms in Chesterfield, Missouri. Gunderson Lutheran Hospital obtains its staff and patient clothing from the Standard Textile Company with plants in Enterprise, Alabama and Cincinnati, Ohio. The attachment includes the information requested for these companies.

C. Prison Industries' Staff Work Clothes

Wisconsin Prison Industries currently spends \$1,500 per year on work shirts and pants for its factory staff. Industries currently purchases these products from a distributor in Waunakee, Wisconsin named Sunline, Inc. Sunline purchases their products from Red Kap Industries of Nashville, Tennessee, which is a division of VF Corporation, the worlds largest publicly owned apparel company. Producing work clothing for our own Industries' staff is important because it furthers our goal of becoming more self-sufficient. Information on Sunline is included in the attachment.

D. Tribal Work Clothes

As of this date, Ho-Chunk is the only Tribe with which we have had discussions. Their vendor for work clothes is Identity Uniform and Apparel of Spring Grove, Illinois. That business is strictly a distributor. The attachment includes information on the company.

In closing, I wish to reiterate that our expansion will result in no loss of Wisconsin manufacturing jobs, but it will result in the creation of productive work activities for inmates who are now idle.

I would be pleased to respond to any additional questions you may have on this matter.

Sincerely,

A handwritten signature in cursive script that reads "Jon E. Litscher". The signature is written in dark ink and is positioned above the printed name.

Jon E. Litscher
Secretary

Cc: Senator Brian Burke
Representative John Gard

ATTACHMENT

VENDORS

A. County Jail Clothes

- Bob Barker Company, Inc.
P.O. Box 429
Fuguay-Varina, NC 27526
Tel.: (919) 552-3431
of Employees: 200
Type of Company: Manufacturer/Distributor
Contact: Human Resources Director

- Robinson Textiles
152 W. Walnut St.
Suite 250
Gardena, CA 90248
Tel: 800-421-5582
of Employees: 22
Type of Company: Manufacturer/Distributor
Contact: Catie Markowitz

- American Institutional Supply
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St. Louis Park, MN 55426
Tel: (612) 497-3500
of Employees: 4
Type of Company: Distributor
Contact: Paul, Sales Manager

- Walter F. Stephens, Jr., Inc.
415 South Avenue
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of Employees: 35
Type of Company: Manufacturer/Distributor
Contact: Carla Baker

- ICS
P.O. Box 21056
Waco, TX 76702
Tel: 800-524-5427
of Employees: 17
Type of Company: Manufacturer/Distributor
Contact: Eryn

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(see above)
- Angelica Corporation
424 South Woods Mill Road
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of Employees: 100
Type of Company: Manufacturer/Distributor
Contact: Denise
- Standard Textile Co., Inc.
117 Industrial Blvd. South
Enterprise, AL 36330-3167
Tel: (334) 393-1340
of Employees: 280
Type of Company: Manufacturer

1 Knoll Crest Drive
Cincinnati, OH 45237-1608
Tel: (513) 761-9255
of Employees: 500
Type of Company: Manufacturer/Distributor
Contact: Nancy

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5935 County K
Waunakee, WI 53597
Tel: (608) 849-5710
of Employees: 6
Type of Company: Distributor
Contact: Laurie

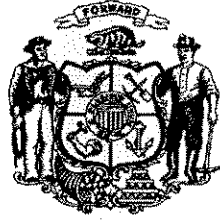
D. Tribal Work Clothes

- Identity Uniform and Apparel
2503 Spring Ridge Road
Spring Grove, IL 60081
Tel: (815) 675-3456
of Employees: 4
Type of Company: Distributor
Contact: Nancy

THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

316-S Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-8535



ASSEMBLY CHAIR
JOHN GARD

315-N Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: (608) 266-2343

JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Brian Burke
Representative John Gard
Co-Chairs, Joint Committee on Finance

Date: December 3, 1999

Re: Quarterly Report on Prison Industries

Enclosed please find a copy of the first quarter report on Prison Industries for the period ending June 30, 2000. This report is required by s. 303.019, Stats.

This information is for your review only. No action is required by the Committee.

BB:JG:js

Tommy G. Thompson
Governor

Jon E. Litscher
Secretary



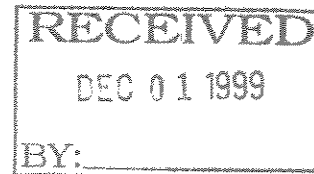
State of Wisconsin
Department of Corrections

Mailing Address

149 East Wilson Street
Post Office Box 7925
Madison, WI 53707-7925
Telephone (608) 266-2471
Fax (608) 267-3661

November 22, 1999

Senator Brian Burke, Co-Chair
Joint Committee on Finance
Room 316, South Capitol
Madison, WI INTER-D



Representative John Gard, Co-Chair
Joint Committee on Finance
Room 315, North Capitol
Madison, WI INTER-D

Dear Senator Burke and Representative Gard:

Attached is the first quarter report on Prison Industries for the fiscal year ending June 30, 2000, as required by Section 303.019 of the Wisconsin Statutes. This report includes the year-to-date cash balance of each industry. This report reflects private sector joint venture balances separately from the remainder of Prison Industries.

Traditional Prison Industries

Traditional Industries cash receipts for the period July 1, 1999 through September 30, 1999 were \$4,256,710. Cash expenditures for the same time period were \$4,141,155. Through the 1st quarter of this fiscal year, revenues exceeded expenditures by \$115,555.

Traditional Industries are projecting a \$150,000 profit on a cash basis for the fiscal year. On an accrual basis, a \$750,000 profit is projected for the period ending June 30, 2000. Traditional Industries will end fiscal 2000 with a cash fund balance of \$718,300.

Private Sector Ventures

Private Sector Ventures receipts for the period July 1, 1999 through September 30, 1999 were \$35,829. Cash expenditures for the same time period were \$101,177. Through the 1st quarter of this fiscal year, expenditures exceeded revenues by \$65,348. This is partially offset by accounts receivables of \$27,995.

Private Sector Ventures are projecting a \$155,000 profit on a cash basis for the fiscal year. On an accrual basis, a \$31,000 profit is projected for the period ending June 30, 2000.

Senator Brian Burke and Representative John Gard
November 22, 1999
Page 2

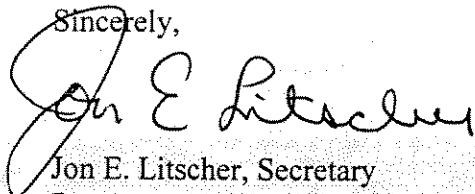
The Prison Industries Board approved an amended contract with one of the private sector partners on August 11, 1999. This amendment significantly impacts on the revenues and expenditures of the project. The Department is confident that this amendment will allow the project to be profitable. However, the impact of these changes will not be reflected until the second quarterly report.

From July 1, 1999 through September 30, 1999, inmates employed by the private sector ventures contributed \$35,300 towards state and federal taxes, room and board, crime victim restitution and child support.


In viewing the cash deficit, it should also be noted that these numbers do not reflect the financial benefits realized by the State in the form of room and board payments, state and federal taxes, crime victim restitution and child support payments. From FY96, through the first quarter of FY00, the amount collected has been in excess of \$1,086,000.

The Department would be happy to respond to any questions you may have on this matter.

Sincerely,



Jon E. Litscher, Secretary
Department of Corrections



George F. Lightbourn, Secretary
Department of Administration

Attachments

Cc: Cindy O'Donnell, DOC
Dick Verhagen, DAI
Chris Wolle, DOA
Mary Cassady, DMS
Mary Rondou, BCE
Bev Balakhovsky, DMS

Jessica O'Donnell, DOC
Cynthia Schoenike, DAI
Steve Kronzer, BCE
Lucie Widzinski-Pollock, DMS
Colleen Godfriaux, DMS
Bill Clausius, Sec. Off

BADGER STATE INDUSTRIES

YEAR TO DATE CASH BALANCE SUMMARY BY INDUSTRY

AS OF SEPTEMBER 30, 1999

INDUSTRY	TRADITIONAL INDUSTRIES			
	ACCUMULATED CASH BALANCE (AFTER RE- CLASSIFICATION)	FY-00 YTD REVENUE	FY-00 YTD EXPENDITURE	CASH BALANCE 09/30/99
MANAGEMENT & SUPPORT	0.00	714.12	665,308.16	(664,594.04)
SOLID WASTE REDUCT&RECYCL	(54,511.94)	9,295.00	(71.43)	(45,145.51)
DISCONT. INDUSTRIES	(2,082,226.53)	0.00	0.00	(2,082,226.53)
METAL STAMPING	10,802,095.22	496,252.59	145,989.55	11,152,358.26
OSHKOSH LAUNDRY	490,909.37	239,889.94	112,795.16	618,004.15
GREEN BAY LAUNDRY	382,842.15	60,982.24	44,712.31	399,112.08
DISTRIBUTION CENTER	0.00	550.00	168,929.37	(168,379.37)
TEXTILES	(1,843,030.63)	255,599.43	230,755.34	(1,818,186.54)
JCI TEXTILES	(388,196.36)	34,875.43	84,767.06	(438,087.99)
REECC DATA ENTRY	(38,616.65)	6,304.89	12,432.68	(44,744.44)
RCI DATA ENTRY	(1,285,441.39)	5,069.43	23,577.42	(1,303,949.38)
SIGNS	196,566.66	315,724.44	417,537.84	94,753.26
SILKSCREENING SVCS	(1,156,632.39)	85,310.86	96,528.44	(1,167,849.97)
COLUMBIA PRINTING	23,894.56	131,649.27	177,181.94	(21,638.11)
WOOD & LAMINATING	(11,539,887.87)	276,800.19	547,256.88	(11,810,344.56)
METAL/SYSTEM FURNITURE	6,139,881.49	1,945,691.24	1,041,786.34	7,043,786.39
UPHOLSTERY	920,649.31	392,000.69	371,668.33	940,981.67
TOTAL	568,295.00	4,256,709.76	4,141,155.39	683,849.37

BCE is in the process of reviewing cost accounting and historical transactions to accurately reflect product lines between the Wood, Metal & Systems Furniture and the Upholstery shops.

PRIVATE SECTOR VENTURES
YEAR TO DATE CASH BALANCE SUMMARY BY INDUSTRY
AS OF SEPTEMBER 30, 1999

PROJECT	ACCUMULATED CASH BALANCE (AFTER RE- CLASSIFICATION)	FY-00 YTD REVENUE	FY-00 YTD EXPENDITURE	CASH BALANCE 09/30/99
PRIV-PARTNER-GLOVES	(1,080,468.23)	17,635.42	47,822.35	(1,110,655.16)
PRIV-PARTNER-CONVEYORS	66,461.57	0.00	0.00	66,461.57
PRIV-PARTNER-GLOVE-JCI	(611,405.21)	18,193.91	25,274.16	(618,485.46)
TOTAL	(1,625,411.87)	35,829.33	73,096.51	(1,662,679.05)
MASTER LEASED EQUIPMENT				
BCE Expended	(148,119.95)		28,080.73	(176,200.68)
Received from PIE Partner	80,066.82	0.00		80,066.82
DIFFERENCE	(68,053.13)	0.00	28,080.73	(96,133.86)
TOTAL CASH BALANCE	(1,693,465.00)	35,829.33	101,177.24	(1,758,812.91)

The Prison Industries Board approved an amended contract on August 11, 1999. This amendment will impact the revenues and expenditures of the project. The positive results of these changes will not be reflected until the second quarterly report.

Prison Industries
Projected Accrual Profit and Loss Statement
As of 9/30/99

Traditional Prison Industries

Projected Revenue		\$22,467,000
Projected Cost of Goods Sold	\$19,017,000	
Projected Selling Expense	400,000	
Projected Administrative Expense	2,300,000	
		<u>21,717,000</u>
Projected Accrual Basis Profit -- June 30, 2000		<u>\$ 750,000</u>

Private Sector Ventures

Projected Revenue		\$350,800
Projected Cost of Goods Sold	\$313,000	
Projected Selling Expense	0	
Projected Administrative Expense	6,800	
		<u>319,800</u>
Projected Accrual Basis Profit -- June 30, 2000		<u>\$ 31,000</u>

Prison Industries
Projected Cash Profit and Loss Statement
As of 9/30/99

Traditional Prison Industries

Projected Revenue		\$22,467,000
Projected Cost of Goods Sold	\$19,617,000	
Projected Selling Expense	400,000	
Projected Administrative Expense	2,300,000	
		<u>22,317,000</u>
Projected Cash Profit – June 30, 2000		\$ 150,000
Plus Beginning Cash Balance		<u>568,295</u>
Ending Cash Balance – June 30, 2000		<u>\$ 718,295</u>

Assumes inventory and accounts receivables remain at FY-99 year-end levels. Also assumes additional revenues and expenses over the original biennial budget based on current projections.

Private Sector Ventures

Projected Revenue		\$500,800 *
Projected Cost of Goods Sold	\$339,000	
Projected Selling Expense	0	
Projected Administrative Expense	6,800	
		<u>345,800</u>
Projected Cash Profit – June 30, 2000		\$155,000
Plus Beginning Cash Balance		<u>(1,693,465)</u>
Ending Cash Balance – June 30, 2000		<u>(\$1,538,465)</u>

Assumes accounts receivables remain at FY-99 year-end levels.

* Includes \$150,000 refund of prior year expenditures for FICA and Medicare taxes paid.

THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

316-S Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-8535



ASSEMBLY CHAIR
JOHN GARD

315-N Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: (608) 266-2343

JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Brian Burke
Representative John Gard

Date: February 2, 2000

Re: Department of Corrections Report

Attached please find a copy of a report from the Department of Corrections concerning mental health services provided to prisoners in 1999. Pursuant to s. 301.03(6m), Stats., the Department is required to submit this report to the Joint Committee on Finance on or before January 30 of each year.

This information is for your review only. No action is required by the Committee.

BB/JG/js

Tommy G. Thompson
Governor

Jon E. Litscher
Secretary



**State of Wisconsin
Department of Corrections**

Mailing Address

149 East Wilson Street
Post Office Box 7925
Madison, WI 53707-7925
Telephone (608) 266-2471
Fax (608) 267-3661

January 31, 2000

Senator Brian Burke and
Representative John Gard, Co-Chairs
Joint Committee on Finance
Donald J. Schneider, Senate Chief Clerk
Charles Sanders, Assembly Chief Clerk

Re: 1999 Report Pursuant to
s.301.03(6m) WI STATS

Dear Sirs:

The following information is provided for your consideration and review pursuant to 301.03(6m) WI STATS. The figures below cover the period from January 1, 1999 to December 31, 1999.

1. There were 41 inmates transferred involuntarily from a prison to a mental health institute under 51.20(13)(A) 4. All but two inmates were committed for outpatient treatment. One inmate was committed upon release.

Two inmates were committed to inpatient treatment and stayed an average of 87 days. One inmate transferred voluntarily from prison to a mental health institute and stayed for 12 days.

2. 4,097 inmates underwent voluntary treatment with psychotropic drugs and 41 inmates were treated with psychotropics on an involuntary basis.

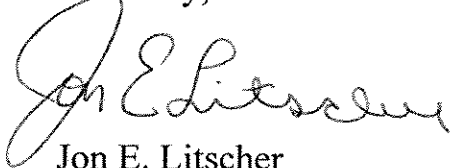
The types of medications used include antipsychotic drugs, antidepressant drugs, mood stabilizers, anti-parkinsonian medications, and medications for side effects.

3. Mental health services, both psychiatric and psychological, are available at all the major institutions. Services include individual and group therapy, chemotherapy, psychiatric, psychological, and neuropsychological evaluations, crisis interventions, sex offender groups, domestic abuse groups, anger management groups, and cognitive interventions programs.

Inmates who need more intensive mental health services are transferred to the Special Management Unit at Columbia Correctional Institution, the Wisconsin Resource Center, or one of the Mental Health Institutes.

If you have any questions or need additional information, please let me know

Sincerely,

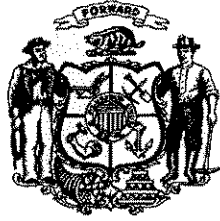
A handwritten signature in cursive script that reads "Jon E. Litscher". The signature is written in dark ink and is positioned above the printed name and title.

Jon E. Litscher
Secretary

THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

316-S Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-8535



ASSEMBLY CHAIR
JOHN GARD

315-N Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: (608) 266-2343

JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Brian Burke
Representative John Gard
Co-Chairs, Joint Committee on Finance

Date: March 21, 2000

Re: Quarterly Report on Prison Industries

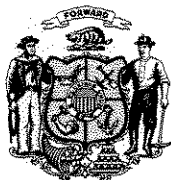
Enclosed please find a copy of the second quarter report on Prison Industries for the period ending June 30, 2000. This report is pursuant to s. 303.019, Stats.

This information is for your review only. No action is required by the Committee.

BB:JG:js

Tommy G. Thompson
Governor

Jon E. Litscher
Secretary



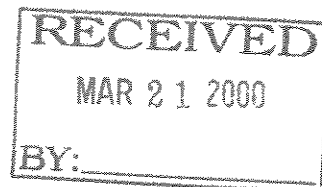
State of Wisconsin
Department of Corrections

Mailing Address

149 East Wilson Street
Post Office Box 7925
Madison, WI 53707-7925
Telephone (608) 266-2471
Fax (608) 267-3661

March 2, 2000

Senator Brian Burke, Co-Chair
Joint Committee on Finance
Room 316, South Capitol
Madison, WI INTER-D



Representative John Gard, Co-Chair
Joint Committee on Finance
Room 315, North Capitol
Madison, WI INTER-D

Dear Senator Burke and Representative Gard:

Attached is the second quarter report on Prison Industries for the fiscal year ending June 30, 2000, as required by Section 303.019 of the Wisconsin Statutes. This report includes the year-to-date cash balance of each industry. This report reflects private sector joint venture balances separately from the remainder of Prison Industries.

Traditional Prison Industries

Traditional Industries cash receipts for the period July 1, 1999 through December 31, 1999 were \$9,495,928. Cash expenditures for the same time period were \$8,548,454. Through the second quarter of this fiscal year, revenues exceeded expenditures by \$947,474.

Traditional Industries are projecting a \$150,000 profit on a cash basis for the fiscal year. On an accrual basis, a \$750,000 profit is projected for the period ending June 30, 2000. Traditional Industries will end fiscal 2000 with a cash fund balance of \$718,300.

Private Sector Ventures

Private Sector Ventures receipts for the period July 1, 1999 through December 31, 1999 were \$285,663. Cash expenditures for the same period were \$184,753. Through the second quarter of this fiscal year, revenues exceeded expenditures by \$100,910. An additional \$31,953 in accounts receivables were also recorded.

Private Sector Ventures are projecting a \$120,000 profit on a cash basis for the fiscal year. On an accrual basis, a \$4,000 deficit is projected for the period ending June 30, 2000.

Senator Brian Burke and Representative John Gard

March 2, 2000

Page 2

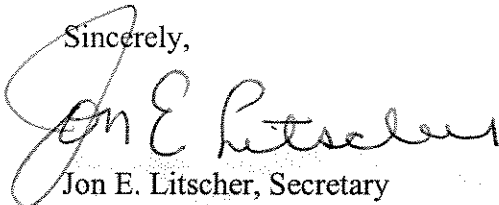
The Prison Industries Board approved an amended contract with one of the private sector partners on August 11, 1999. The changes took effect on September 1, 1999. This amendment significantly impacts on the revenues and expenditures of the project. The Department is confident that this amendment will allow the project to be profitable. The positive impact of these changes are only now starting to be realized due to the fact that the customer has 45 days to pay invoices.

From July 1, 1999 through December 31, 1999, inmates employed by the private sector ventures contributed \$72,400 towards state and federal taxes, room and board, crime victim restitution and child support.

In viewing the overall cash deficit, it should also be noted that these numbers do not reflect the financial benefits realized by the State in the form of room and board payments, state and federal taxes, crime victim restitution and child support payments. Over the life of the program, this amount is in excess of \$1,123,100.

The Department would be happy to respond to any questions you may have on this matter.

Sincerely,



Jon E. Litscher, Secretary
Department of Corrections



George F. Lightbourn, Secretary
Department of Administration

Attachments

Cc: Cindy O'Donnell, DOC
Dick Verhagen, DAI
Chris Wolle, DOA
Bob Nikolay, DMS
Mary Rondou, BCE
Bev Balakhovsky, DMS

Jessica O'Donnell, DOC
Cynthia Schoenike, DAI
Steve Kronzer, BCE
Colleen Godfriaux, DMS
Bill Clausius, Sec. Off
Cindy Archer, DMS

BADGER STATE INDUSTRIES

YEAR TO DATE CASH BALANCE SUMMARY BY INDUSTRY

AS OF DECEMBER 31, 1999

TRADITIONAL INDUSTRIES

INDUSTRY	ACCUMULATED* CASH BALANCE (AFTER RE- CLASSIFICATION)	FY-00 YTD REVENUE	FY-00*** YTD EXPENDITURE	CASH BALANCE 12/31/99
SOLID WASTE REDUCT&RECY**	(54,511.94)	19,780.53	32,800.84	(67,532.25)
METAL STAMPING	8,701,160.69	1,500,447.24	694,856.69	9,506,751.24
OSHKOSH LAUNDRY	494,311.37	543,012.62	495,706.24	541,617.75
GREEN BAY LAUNDRY	378,616.15	158,938.96	153,845.54	383,709.57
TEXTILES	(1,764,223.63)	611,856.17	517,936.05	(1,670,303.51)
JCI TEXTILES	(439,815.36)	203,019.37	245,850.71	(482,646.70)
REECC DATA ENTRY	(38,616.65)	21,807.01	37,872.87	(54,682.51)
RCI DATA ENTRY	(1,287,041.39)	60,288.91	127,089.81	(1,353,842.29)
SIGNS	162,481.66	1,095,443.73	944,618.42	313,306.97
SILKSCREENING SVCS	(1,201,859.39)	180,641.61	271,077.63	(1,292,295.41)
COLUMBIA PRINTING	29,926.56	495,595.13	532,753.54	(7,231.85)
WOOD & LAMINATING	(6,386,711.87)	749,209.46	586,992.16	(6,224,494.57)
METAL/SYSTEM FURNITURE	2,062,444.49	2,995,184.14	3,131,432.67	1,926,195.96
UPHOLSTERY	(87,865.69)	860,702.83	775,620.96	(2,783.82)
TOTAL	568,295.00	9,495,927.71	8,548,454.13	1,515,768.58

* Adjusted for FY92-00 to reflect costs that were transferred among industries.

** Matching funds expended as part of the first computer recycling grant.

Discontinued Industries were offset by revenues in the accumulated cash balance column as part of the FY-99 annual report.

***The costs for Management & Support and the Distribution Center have been allocated to the appropriate industries.

PRIVATE SECTOR VENTURES

YEAR TO DATE CASH BALANCE SUMMARY BY INDUSTRY

AS OF DECEMBER 31, 1999

INDUSTRY	ACCUMULATED CASH BALANCE (AFTER RE- CLASSIFICATION)	FY-00 YTD REVENUE	FY-00 YTD EXPENDITURE	CASH BALANCE 12/31/99
PRIV-PARTNER-GLOVES	(1,080,468.23)	230,930.37	98,573.88	(948,111.74)
PRIV-PARTNER-CONVEYORS	66,461.57	0.00	0.00	66,461.57
PRIV-PARTNER-GLOVE-JCI	(611,405.21)	41,388.60	58,098.82	(628,115.43)
TOTAL	(1,625,411.87)	272,318.97	156,672.70	(1,509,765.60)
MASTER LEASED EQUIPMENT				
BCE Expended	(148,119.95)		28,080.73	(176,200.68)
Received from PIE Partner	80,066.82	13,344.47		93,411.29
DIFFERENCE	(68,053.13)	13,344.47	28,080.73	(82,789.39)
TOTAL CASH BALANCE	(1,693,465.00)	285,663.44	184,753.43	(1,592,554.99)

Prison Industries
Projected Cash Profit and Loss Statement
As of 12/31/99

Traditional Prison Industries

Projected Revenue	\$22,467,000	
Projected Cost of Goods Sold	\$19,617,000	
Projected Selling Expense	400,000	
Projected Administrative Expense	2,300,000	
	<u>22,317,000</u>	
Projected Cash Profit – June 30, 2000		\$ 150,000
Plus Beginning Cash Balance		<u>568,295</u>
Ending Cash Balance – June 30, 2000		<u>\$ 718,295</u>

Assumes inventory and accounts receivables remain at FY-99 year-end levels. Also assumes additional revenues and expenses over the original biennial budget based on current projections.

Private Sector Ventures

Projected Revenue	\$489,500 *	
Projected Cost of Goods Sold	\$365,300	
Projected Selling Expense	0	
Projected Administrative Expense	4,200	
	<u>369,500</u>	
Projected Cash Profit – June 30, 2000		\$120,000
Plus Beginning Cash Balance		<u>(1,693,465)</u>
Ending Cash Balance – June 30, 2000		<u>(\$1,573,465)</u>

Assumes accounts receivables remain at FY-99 year-end levels.

* Includes \$150,000 refund of prior year expenditures for FICA and Medicare taxes paid.

Prison Industries
Projected Accrual Profit and Loss Statement
As of 12/31/99

Traditional Prison Industries

Projected Revenue		\$22,467,000
Projected Cost of Goods Sold	\$19,017,000	
Projected Selling Expense	400,000	
Projected Administrative Expense	2,300,000	
		<u>21,717,000</u>
Projected Accrual Basis Profit -- June 30, 2000		<u>\$ 750,000</u>

Private Sector Ventures

Projected Revenue		\$339,500
Projected Cost of Goods Sold	\$339,300	
Projected Selling Expense	0	
Projected Administrative Expense	4,200	
		<u>343,500</u>
Projected Accrual Basis Profit -- June 30, 2000		<u>(\$ 4,000)</u>