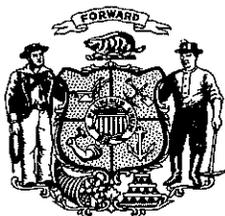


STATE OF WISCONSIN

SENATE CHAIR
Alberta Darling

317 East, State Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-5830



ASSEMBLY CHAIR
John Nygren

309 East, State Capitol
P.O. Box 8953
Madison, WI 53708-8953
Phone: (608) 266-2343

JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative John Nygren

Date: April 5, 2018

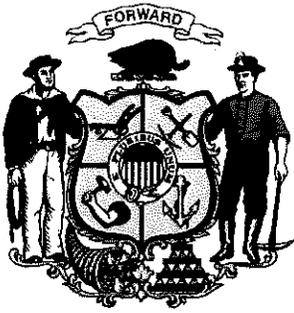
Re: DOC Report to JFC

Attached is a report on Prison Industries for the quarter ending December 31, 2017, from the Department of Corrections, pursuant to s. 303.019, Stats.

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

Attachments

AD:JN:jm



Wisconsin Department of Corrections

Governor Scott Walker | Secretary Jon E. Litscher

March 21, 2018

Senator Alberta Darling
Co-Chair, Joint Committee on Finance
Room 317 East
State Capitol
P.O. Box 7882
Madison, WI 53707-7882

APR 05 2018

J. Finance

Representative John Nygren
Co-Chair, Joint Committee on Finance
Room 309 East
State Capitol
P.O. Box 8953
Madison, WI 53708

Dear Senator Darling and Representative Nygren:

Attached is the report on Prison Industries for the quarter ending December 31, 2017 as required by §303.019 of the Wisconsin Statutes. This report includes the year-to-date cash balances of Badger State Industries (BSI) at the end of the second quarter.

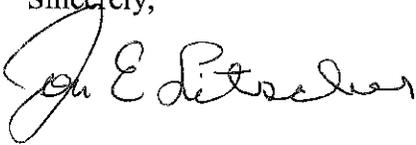
Traditional Prison Industries

The second quarter reporting for FY18 is from July 1, 2017 through December 31, 2017 and shows gross revenues of \$9,159,700 with cash expenditures of \$8,268,700. The second quarter ended with revenues exceeding expenditures by \$891,000. The Department currently projects a net profit of \$1,449,900 on a cash basis for FY18, and a projected profit of \$1,002,900 on an accrual basis.

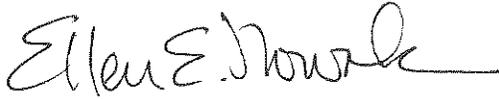
With a beginning cash balance of (\$2,661,000) and second quarter profit of \$891,000, the cash balance at the end of the second quarter reflects a shortfall of (\$1,770,000).

As shown by these reports, in FY18 traditional industries is expected to experience a gain. The Department recognizes past shortfalls and is working diligently towards increasing sales and reducing expenditures throughout FY18.

Sincerely,



Jon Litscher, Secretary
Department of Corrections



Ellen Nowak, Secretary
Department of Administration

Attachments

cc:

David Bajkiewicz, BCE
Wes Ray, BCE
James Schwochert, DAI
Larry Jenkins, DAI
Wendy Monfils, DAI
Brigette Smith, DAI
Caitlin Frederick, DOA
Ryan Hutter, DOA

Casey Newman, DMS
Dawn Woeshnick, DMS
Jacob Jokisch, DMS
Linda Ellefson, DMS
Patrick Hughes, DMS
Cynda Solberg, DMS
Jere Bauer, LFB

BUREAU OF CORRECTIONAL ENTERPRISES

BADGER STATE INDUSTRIES

FY 18 CASH BALANCE SUMMARY BY INDUSTRY

AS OF DECEMBER 31, 2017

INDUSTRY	TRADITIONAL INDUSTRIES			CASH BALANCE 12/31/2017
	FY18 BEGINNING CASH BALANCE 7/1/2017	FY 18 Q2 YTD REVENUE	FY 18 Q2 YTD EXPENDITURE	
NON-PROJECT OPERATIONS				
MANAGEMENT & SUPPORT ¹	(67,500)	808,600	756,500	(15,400)
DISTRIBUTION CENTER	100	51,000	288,800	(237,700)
TRANSITION PROGRAM	0	0	50,100	(50,100)
SUB-TOTAL	(67,400)	859,600	1,095,400	(303,200)
PROJECT OPERATIONS				
FURNITURE ²				
SYSTEM FURNITURE	(12,409,000)	1,889,800	1,837,600	(12,356,800)
UPHOLSTERY	111,600	1,673,200	1,090,300	694,500
FURNITURE SUB-TOTAL	(12,297,400)	3,563,000	2,927,900	(11,662,300)
LAUNDRY	(1,007,900)	1,120,400	681,900	(569,400)
TEXTILES	(8,716,400)	687,800	567,500	(8,596,100)
METAL STAMPING	24,266,500	1,256,900	883,100	24,640,300
CANTEEN	(165,800)	11,500	405,200	(559,500)
PRINTING	(3,864,100)	318,800	311,600	(3,856,900)
SIGNS				
CUSTOM SIGNS SHOP	1,888,900	601,200	636,200	1,853,900
ROAD & TRAIL SIGNS SHOP	(1,498,300)	687,200	459,200	(1,270,300)
SIGN HYDROSTRIPPING SHOP	(1,179,800)	47,700	290,200	(1,422,300)
SIGNS SUB-TOTAL	(789,200)	1,336,100	1,385,600	(838,700)
DURABLE MEDICAL EQUIPMENT REFURBISHING	(19,300)	5,600	10,500	(24,200)
TOTAL	(2,661,000)	9,159,700	8,268,700	(1,770,000)

Footnotes:

¹ Management & Support costs represent overhead and non-project operations. Transition program costs are substantially allocated to the appropriate industries in the current fiscal year. Any remaining costs will be allocated in next fiscal year operations

² System Furniture sales are derived from products manufactured by the other Industries: Wood & Laminating, Metal Furniture, and Upholstery. Costs for those products are retained by the originating shop.

Traditional Prison Industries

**June 30, 2018 Projected Cash Profit and Loss Statement
As of December 31, 2017**

Projected Revenue		\$ 18,644,500
Projected Cost of Goods Sold	\$ 14,198,800	
Projected Administrative Expense	<u>\$ 2,995,800</u>	
		<u>\$ 17,194,600</u>
Plus beginning Cash Balance		\$ (2,661,000)
Projected Cash Profit (Deficit) - June 30, 2018		\$ 1,449,900
Projected Cash Balance June 30, 2018		<u>\$ (1,211,100)</u>

**June 30, 2018 Projected Accrual Profit and Loss Statement
As of December 31, 2017**

Projected Sales		\$ 18,644,500
Projected Cost of Goods Sold	\$ 14,627,600	
Projected Administrative Expense	<u>\$ 3,014,000</u>	
		<u>\$ 17,641,600</u>
Projected Accrual Basis Operating Profit (Deficit) - June 30, 2018		<u>\$ 1,002,900</u>

Second quarter projections are based on BSI's past years experience of expenses compared to revenue.