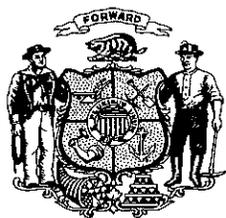


STATE OF WISCONSIN

SENATE CHAIR
Alberta Darling

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



ASSEMBLY CHAIR
John Nygren

308 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 19, 2019

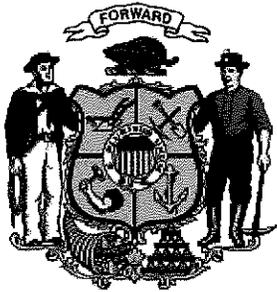
Re: DOC Report to JFC

Attached is a report on Prison Industries for the quarter ending December 31, 2018 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 Tony Evers | Secretary Kevin A. Carr

March 18, 2019

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

APR 19 2019
St. 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, 2018 as required by §303.019 of the Wisconsin Statutes. This report includes the cash balances of Badger State Industries (BSI) through the end of the second quarter.

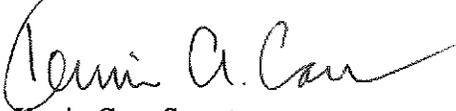
Traditional Prison Industries

The second quarter reporting for FY19 is from July 1, 2018 through December 31, 2018 and shows gross revenues of \$9,883,700 and cash expenditures of \$8,913,100. The second quarter ended with revenues exceeding expenditures by \$970,600. The Department currently projects a net profit of \$381,200 on a cash basis for FY19, and a projected profit of \$64,200 on an accrual basis.

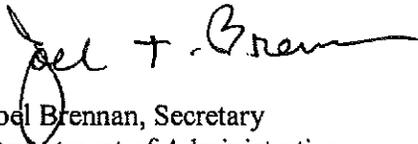
With a beginning cash balance of (\$2,067,400) and second quarter profit of \$970,600, the cash balance at the end of the second quarter reflects a shortfall of (\$1,096,800).

The Department recognizes past shortfalls and continues to work diligently towards increasing revenue and reducing expenditures throughout FY19.

Sincerely,



Kevin Carr, Secretary
Department of Corrections



Joel Brennan, Secretary
Department of Administration

Attachments

cc:

David Bajkiewicz, BCE
Wes Ray, BCE
Makda Fessahaye, DAI
Doug Percy, DAI
Stephanie Hove, DAI
Wendy Monfils, DAI
Brigette Smith, DAI
Andrew Potts, DOA
Ryan Hutter, DOA

Cynda Solberg, DMS
Dawn Woeshnick, DMS
Jacob Jokisch, DMS
Linda Ellefson, DMS
Ron Hermes, DMS
Jared Hoy, DMS
Jere Bauer, LFB
Shannon Huberty, LFB

BUREAU OF CORRECTIONAL ENTERPRISES
 BADGER STATE INDUSTRIES
 FY 19 CASH BALANCE SUMMARY BY INDUSTRY
 AS OF DECEMBER 31, 2018

INDUSTRY	TRADITIONAL INDUSTRIES			CASH BALANCE 12/31/18
	FY19 BEGINNING CASH BALANCE 07/01/18	FY 19 Q2 YTD REVENUES	FY 19 Q2 YTD EXPENDITURES	
NON-PROJECT OPERATIONS				
MANAGEMENT & SUPPORT ¹	0	56,800	762,000	(705,200)
DISTRIBUTION CENTER	100	45,600	344,000	(298,300)
TRANSITION PROGRAM	0	0	24,700	(24,700)
SUB-TOTAL	100	102,400	1,130,700	(1,028,200)
PROJECT OPERATIONS				
FURNITURE ²				
SYSTEM FURNITURE	(13,394,000)	2,819,100	1,966,500	(12,541,400)
UPHOLSTERY	168,200	1,662,000	1,148,300	682,900
FURNITURE SUB-TOTAL	(13,224,800)	4,481,100	3,114,800	(11,858,500)
LAUNDRY	(938,500)	871,900	610,400	(677,000)
TEXTILES	(8,372,300)	829,300	772,800	(8,315,800)
METAL STAMPING	25,855,000	1,697,600	744,800	26,807,800
CANTEEN	(161,600)	458,800	774,900	(477,700)
PRINTING	(4,008,900)	266,600	368,900	(4,111,200)
SIGNS				
CUSTOM SIGNS SHOP	1,358,000	652,300	642,900	1,367,400
ROAD & TRAIL SIGNS SHOP	(1,416,300)	473,100	629,400	(1,572,600)
SIGN HYDROSTRIPPING SHOP	(1,148,700)	46,600	55,900	(1,158,000)
SIGNS SUB-TOTAL	(1,207,000)	1,172,000	1,328,200	(1,363,200)
DURABLE MEDICAL EQUIPMENT REFURBISHING	(9,400)	4,000	67,600	(73,000)
TOTAL	(2,067,400)	9,883,700	8,913,100	(1,096,800)

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, 2019 Projected Cash Profit and Loss Statement
As of December 31, 2018**

Projected Revenue		\$ 19,110,600
Projected Cost of Goods Sold	\$ 15,795,900	
Projected Administrative Expense	<u>\$ 2,933,500</u>	
		<u>\$ 18,729,400</u>
Plus beginning Cash Balance		\$ (2,067,400)
Projected Cash Profit (Deficit) - June 30, 2019		\$ 381,200
Projected Cash Balance June 30, 2019		<u>\$ (1,686,200)</u>

**June 30, 2019 Projected Accrual Profit and Loss Statement
As of December 31, 2018**

Projected Sales		\$ 19,110,600
Projected Cost of Goods Sold	\$ 16,076,200	
Projected Administrative Expense	<u>\$ 2,970,200</u>	
		<u>\$ 19,046,400</u>
Projected Accrual Basis Operating Profit (Deficit) - June 30, 2019		<u>\$ 64,200</u>

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