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
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

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

<table>
<thead>
<tr>
<th>INDUSTRY</th>
<th>FY19 BEGINNING CASH BALANCE 07/01/18</th>
<th>FY 19 Q2 YTD REVENUES</th>
<th>FY 19 Q2 YTD EXPENDITURES</th>
<th>CASH BALANCE 12/31/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>NON-PROJECT OPERATIONS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MANAGEMENT &amp; SUPPORT ¹</td>
<td>0</td>
<td>56,800</td>
<td>762,000</td>
<td>(705,200)</td>
</tr>
<tr>
<td>DISTRIBUTION CENTER</td>
<td>100</td>
<td>45,600</td>
<td>344,000</td>
<td>(298,300)</td>
</tr>
<tr>
<td>TRANSITION PROGRAM</td>
<td>0</td>
<td>0</td>
<td>24,700</td>
<td>(24,700)</td>
</tr>
<tr>
<td>SUB-TOTAL</td>
<td>100</td>
<td>102,400</td>
<td>1,130,700</td>
<td>(1,028,200)</td>
</tr>
<tr>
<td>PROJECT OPERATIONS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FURNITURE ²</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SYSTEM FURNITURE</td>
<td>(13,394,000)</td>
<td>2,819,100</td>
<td>1,966,500</td>
<td>(12,541,400)</td>
</tr>
<tr>
<td>UPHOLSTERY</td>
<td>166,200</td>
<td>1,662,000</td>
<td>1,148,300</td>
<td>682,900</td>
</tr>
<tr>
<td>FURNITURE SUB-TOTAL</td>
<td>(13,227,800)</td>
<td>4,481,100</td>
<td>3,114,800</td>
<td>(11,855,500)</td>
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<tr>
<td>LAUNDRY</td>
<td>(938,500)</td>
<td>871,900</td>
<td>610,400</td>
<td>(677,000)</td>
</tr>
<tr>
<td>TEXTILES</td>
<td>(8,372,300)</td>
<td>829,300</td>
<td>772,800</td>
<td>(8,315,800)</td>
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<tr>
<td>METAL STAMPING</td>
<td>25,855,000</td>
<td>1,697,600</td>
<td>744,800</td>
<td>28,807,800</td>
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<tr>
<td>CANTENE</td>
<td>(161,600)</td>
<td>458,800</td>
<td>774,800</td>
<td>(477,700)</td>
</tr>
<tr>
<td>PRINTING</td>
<td>(4,006,900)</td>
<td>286,600</td>
<td>386,900</td>
<td>(4,111,200)</td>
</tr>
<tr>
<td>SIGNS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CUSTOM SIGNS SHOP</td>
<td>1,358,000</td>
<td>652,300</td>
<td>642,900</td>
<td>1,367,400</td>
</tr>
<tr>
<td>ROAD &amp; TRAIL SIGNS SHOP</td>
<td>(1,416,300)</td>
<td>473,100</td>
<td>629,400</td>
<td>(1,572,500)</td>
</tr>
<tr>
<td>SIGN HYDROSTRIPPING SHOP</td>
<td>(1,146,700)</td>
<td>46,600</td>
<td>55,900</td>
<td>(1,158,200)</td>
</tr>
<tr>
<td>SIGNS SUB-TOTAL</td>
<td>(1,207,000)</td>
<td>1,172,000</td>
<td>1,328,200</td>
<td>(1,365,200)</td>
</tr>
<tr>
<td>DURABLE MEDICAL EQUIPMENT REFURBISHING</td>
<td>(9,400)</td>
<td>4,000</td>
<td>87,800</td>
<td>(73,000)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>(2,067,400)</td>
<td>9,883,700</td>
<td>8,913,100</td>
<td>(1,096,800)</td>
</tr>
</tbody>
</table>

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 $2,933,500

$18,729,400

Plus beginning Cash Balance $2,067,400
Projected Cash Profit (Deficit) - June 30, 2019 $381,200
Projected Cash Balance June 30, 2019 $(1,686,200)

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 $2,970,200

$19,046,400

Projected Accrual Basis Operating Profit (Deficit) - June 30, 2019 $64,200

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