

# STATE OF WISCONSIN

SENATE CHAIR  
**Alberta Darling**

317 East, State Capitol  
P.O. Box 7882  
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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: June 14, 2019

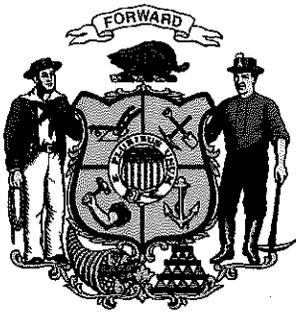
Re: DOC Report to JFC

Attached is a report on prison industries for the quarter ending March 31, 2019, 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

May 30, 2019

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

JUN 14 2019  
St. Finell

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 March 31, 2019 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 third quarter.

## **Traditional Prison Industries**

For the period July 1, 2018 through March 31, 2019, BSI had gross revenues of \$14,887,600 and cash expenditures of \$13,512,800. The third quarter ended with revenues exceeding expenditures by \$1,374,800. The Department currently projects a net profit of \$442,200 on a cash basis for FY19, and a projected profit of \$125,200 on an accrual basis.

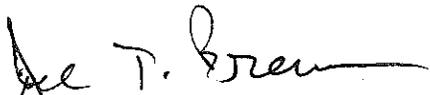
With a beginning cash balance of (\$2,067,400) and third quarter profit of \$1,374,800, the cash balance at the end of the third quarter reflects a shortfall of (\$692,600).

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

Sincerely,



Kevin A. 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 MARCH 31, 2019

INDUSTRY	TRADITIONAL INDUSTRIES			
	FY19 BEGINNING CASH BALANCE 07/01/18	FY 19 Q3 YTD REVENUES	FY 19 Q3 YTD EXPENDITURES	CASH BALANCE 03/31/19
<b>NON-PROJECT OPERATIONS</b>				
MANAGEMENT & SUPPORT <sup>1</sup>	0	56,800	883,900	(827,100)
DISTRIBUTION CENTER	100	60,700	572,000	(511,200)
TRANSITION PROGRAM	0	0	29,400	(29,400)
<b>SUB-TOTAL</b>	<b>100</b>	<b>117,500</b>	<b>1,485,300</b>	<b>(1,367,700)</b>
<b>PROJECT OPERATIONS</b>				
<b>FURNITURE <sup>2</sup></b>				
SYSTEM FURNITURE	(13,394,000)	3,668,000	2,891,700	(12,617,700)
UPHOLSTERY	169,200	2,360,700	1,721,500	808,400
<b>FURNITURE SUB-TOTAL</b>	<b>(13,224,800)</b>	<b>6,028,700</b>	<b>4,613,200</b>	<b>(11,809,300)</b>
LAUNDRY	(938,500)	1,265,100	979,400	(652,800)
TEXTILES	(8,372,300)	1,315,600	1,073,700	(8,130,400)
METAL STAMPING	25,855,000	2,583,700	1,433,200	27,005,500
CANTEEN	(161,600)	1,317,100	1,346,200	(190,700)
PRINTING	(4,008,900)	377,200	553,600	(4,185,300)
<b>SIGNS</b>				
CUSTOM SIGNS SHOP	1,358,000	889,700	924,300	1,323,400
ROAD & TRAIL SIGNS SHOP	(1,416,300)	928,000	951,900	(1,440,200)
SIGN HYDROSTRIPPING SHOP	(1,148,700)	58,500	57,800	(1,148,000)
<b>SIGNS SUB-TOTAL</b>	<b>(1,207,000)</b>	<b>1,876,200</b>	<b>1,934,000</b>	<b>(1,264,800)</b>
DURABLE MEDICAL EQUIPMENT REFURBISHING	(9,400)	6,500	94,200	(97,100)
<b>TOTAL</b>	<b>(2,067,400)</b>	<b>14,887,600</b>	<b>13,512,800</b>	<b>(692,600)</b>

Footnotes:

<sup>1</sup> 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

<sup>2</sup> 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 March 31, 2019

Projected Revenue		\$ 19,110,600
Projected Cost of Goods Sold	\$ 15,796,000	
Projected Administrative Expense	<u>\$ 2,872,400</u>	
		<u>\$ 18,668,400</u>
Plus beginning Cash Balance		\$ (2,067,400)
Projected Cash Profit (Deficit) - June 30, 2019		\$ 442,200
Projected Cash Balance June 30, 2019		<u>\$ (1,625,200)</u>

### June 30, 2019 Projected Accrual Profit and Loss Statement As of March 31, 2019

Projected Sales		\$ 19,110,600
Projected Cost of Goods Sold	\$ 16,077,100	
Projected Administrative Expense	<u>\$ 2,908,300</u>	
		<u>\$ 18,985,400</u>
Projected Accrual Basis Operating Profit (Deficit) - June 30, 2019		<u>\$ 125,200</u>

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