

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
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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative John Nygren

Date: February 6, 2020

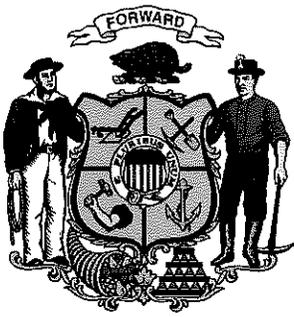
Re: DOC Report to JFC

Attached is a report on Prison Industries for the quarter ending September 30, 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

December 20, 2019

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

FEB 06 2020

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 September 30, 2019 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 first quarter.

Traditional Prison Industries

The first quarter reporting for FY20 is from July 1, 2019 through September 30, 2019 and shows gross revenues of \$5,324,000 and cash expenditures of \$5,231,300. The first quarter ended with revenues exceeding expenditures by \$92,700. The Department currently projects a net profit of \$337,200 on a cash basis for FY20, and a projected profit of \$20,200 on an accrual basis.

With a beginning cash balance of (\$1,740,100) and first quarter profit of \$92,700, the cash balance at the end of the first quarter reflects a shortfall of (\$1,647,400).

The Department recognizes past shortfalls and continues to work diligently towards increasing revenue and reducing expenditures throughout FY20.

Sincerely,



Kevin A. Carr, Secretary
Department of Corrections



Joel Brennan, Secretary
Department of Administration

Attachments

cc:

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

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

BUREAU OF CORRECTIONAL ENTERPRISES
BADGER STATE INDUSTRIES
FY 20 CASH BALANCE SUMMARY BY INDUSTRY
AS OF SEPTEMBER 30, 2019

INDUSTRY	TRADITIONAL INDUSTRIES			
	FY 20 BEGINNING CASH BALANCE 07/01/19	FY 20 REVENUES THROUGH Q1	FY 20 EXPENDITURES THROUGH Q1	FY 20 ENDING CASH BALANCE 09/30/19
NON-PROJECT OPERATIONS				
MANAGEMENT & SUPPORT 1	59,900	0	1,699,600	(1,639,700)
DISTRIBUTION CENTER	164,900	19,900	503,600	(318,800)
TRANSITION PROGRAM	0	0	25,400	(25,400)
SUB-TOTAL	224,800	19,900	2,228,600	(1,983,900)
PROJECT OPERATIONS				
FURNITURE 2				
SYSTEM FURNITURE	(13,567,400)	1,439,100	765,200	(12,893,500)
UPHOLSTERY	347,600	1,150,100	555,500	942,200
FURNITURE SUB-TOTAL	(13,219,800)	2,589,200	1,320,700	(11,951,300)
LAUNDRY				
TEXTILES	(1,306,600)	533,400	262,600	(1,035,800)
	(8,185,400)	364,800	258,600	(8,079,200)
METAL STAMPING				
CANTEEN	27,183,100	857,400	384,100	27,656,400
PRINTING	(267,700)	150,200	193,300	(310,800)
	(4,325,400)	161,500	115,900	(4,279,800)
SIGNS				
CUSTOM SIGNS SHOP	1,063,600	338,800	189,200	1,213,200
ROAD & TRAIL SIGNS SHOP	(1,579,900)	262,000	261,400	(1,579,300)
SIGN HYDROSTRIPPING SHOP	(1,191,800)	42,500	0	(1,149,300)
SIGNS SUB-TOTAL	(1,708,100)	643,300	450,600	(1,515,400)
DURABLE MEDICAL EQUIPMENT REFURBISHING				
	(135,000)	4,300	16,900	(147,600)
TOTAL	(1,740,100)	5,324,000	5,231,300	(1,647,400)

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, 2020 Projected Cash Profit and Loss Statement
As of September 30, 2019**

Projected Revenue		\$ 19,112,200
Projected Cost of Goods Sold	\$ 15,902,600	
Projected Administrative Expense	<u>\$ 2,872,400</u>	
		<u>\$ 18,775,000</u>
Plus beginning Cash Balance		\$ (1,740,100)
Projected Cash Profit (Deficit) - June 30, 2020		\$ 337,200
Projected Cash Balance June 30, 2020		<u>\$ (1,402,900)</u>

**June 30, 2020 Projected Accrual Profit and Loss Statement
As of September 30, 2019**

Projected Sales		\$ 19,112,200
Projected Cost of Goods Sold	\$ 16,183,700	
Projected Administrative Expense	<u>\$ 2,908,300</u>	
		<u>\$ 19,092,000</u>
Projected Accrual Basis Operating Profit (Deficit) - June 30, 2020		<u>\$ 20,200</u>

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