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
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

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,

[Signature]

Kevin A. Carr, Secretary
Department of Corrections

[Signature]

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 Woeshnicker, 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**

<table>
<thead>
<tr>
<th>INDUSTRY</th>
<th>FY 20 BEGINNING CASH BALANCE 07/01/19</th>
<th>FY 20 REVENUES THROUGH Q1</th>
<th>FY 20 EXPENDITURES THROUGH Q1</th>
<th>FY 20 ENDING CASH BALANCE 09/30/19</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NON-PROJECT OPERATIONS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MANAGEMENT &amp; SUPPORT 1</td>
<td>59,900</td>
<td>0</td>
<td>1,699,600</td>
<td>(1,639,700)</td>
</tr>
<tr>
<td>DISTRIBUTION CENTER</td>
<td>164,900</td>
<td>19,900</td>
<td>503,600</td>
<td>(318,800)</td>
</tr>
<tr>
<td>TRANSITION PROGRAM</td>
<td>0</td>
<td>0</td>
<td>25,400</td>
<td>(25,400)</td>
</tr>
<tr>
<td><strong>SUB-TOTAL</strong></td>
<td>224,800</td>
<td>19,900</td>
<td>2,228,600</td>
<td>(1,983,900)</td>
</tr>
<tr>
<td><strong>PROJECT OPERATIONS</strong></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>(13,567,400)</td>
<td>1,438,100</td>
<td>755,200</td>
<td>(12,893,500)</td>
</tr>
<tr>
<td>UPHOLSTERY</td>
<td>347,600</td>
<td>1,150,100</td>
<td>555,500</td>
<td>942,200</td>
</tr>
<tr>
<td><strong>FURNITURE SUB-TOTAL</strong></td>
<td>(13,220,800)</td>
<td>2,589,200</td>
<td>1,320,700</td>
<td>(11,951,300)</td>
</tr>
<tr>
<td>LAUNDRY</td>
<td>(1,306,600)</td>
<td>533,400</td>
<td>262,600</td>
<td>(1,035,800)</td>
</tr>
<tr>
<td>TEXTILES</td>
<td>(8,185,400)</td>
<td>364,800</td>
<td>258,600</td>
<td>(8,079,200)</td>
</tr>
<tr>
<td>METAL STAMPING</td>
<td>27,183,100</td>
<td>857,400</td>
<td>384,100</td>
<td>27,564,000</td>
</tr>
<tr>
<td>CANTEEN</td>
<td>(257,700)</td>
<td>150,200</td>
<td>193,300</td>
<td>(310,800)</td>
</tr>
<tr>
<td>PRINTING</td>
<td>(4,325,400)</td>
<td>161,500</td>
<td>115,900</td>
<td>(4,279,800)</td>
</tr>
<tr>
<td><strong>SIGNS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CUSTOM SIGNS SHOP</td>
<td>1,063,000</td>
<td>338,800</td>
<td>189,200</td>
<td>1,213,200</td>
</tr>
<tr>
<td>ROAD &amp; TRAIL SIGNS SHOP</td>
<td>(1,579,900)</td>
<td>282,000</td>
<td>281,400</td>
<td>(1,579,300)</td>
</tr>
<tr>
<td>SIGN HYDROSTRIPPING SHOP</td>
<td>(1,191,800)</td>
<td>42,500</td>
<td>0</td>
<td>(1,149,300)</td>
</tr>
<tr>
<td><strong>SIGNS SUB-TOTAL</strong></td>
<td>(1,708,100)</td>
<td>643,300</td>
<td>450,000</td>
<td>(1,515,400)</td>
</tr>
<tr>
<td><strong>DURABLE MEDICAL EQUIPMENT REFURBISHING</strong></td>
<td>(135,000)</td>
<td>4,300</td>
<td>16,900</td>
<td>(147,600)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>(1,740,100)</td>
<td>5,324,000</td>
<td>5,231,300</td>
<td>(1,647,400)</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, 2020 Projected Cash Profit and Loss Statement
As of September 30, 2019

Projected Revenue $19,112,200
Projected Cost of Goods Sold $15,802,600
Projected Administrative Expense $2,872,400
$18,775,000

Plus beginning Cash Balance
Projected Cash Profit (Deficit) - June 30, 2020 $1,740,100
Projected Cash Balance June 30, 2020 $337,200
$1,402,900

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 $2,908,300
$19,092,000

Projected Accrual Basis Operating Profit (Deficit) - June 30, 2020 $20,200

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