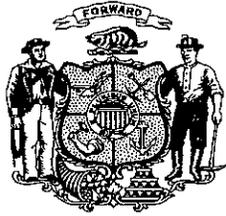


STATE OF WISCONSIN

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: March 30, 2020

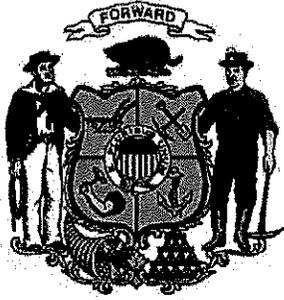
Re: DOC Report to JFC

Attached is a report on prison industries for the quarter ending December 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

March 20, 2020

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

MAR 30 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 December 31, 2019 as required by §303.019 of the Wisconsin Statutes. This report includes the cash balances of Badger State Industries (BSI) at the end of the second quarter.

Traditional Prison Industries

For the period July 1, 2019 through December 31, 2019, BSI had gross revenues of \$10,342,800 and cash expenditures of \$8,862,600. The second quarter ended with revenues exceeding expenditures by \$1,480,200. The Department currently projects a net profit of \$637,100 on a cash basis for FY 20, and a projected profit of \$297,100 on an accrual basis.

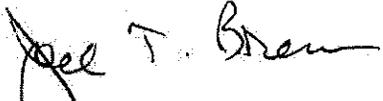
With a beginning cash balance of (\$1,740,100) and year-to-date profit of \$1,480,200, the cash balance at the end of the second quarter reflects a shortfall of (\$259,900).

The Department recognizes past shortfalls and continues to work diligently towards increasing revenue and reducing expenditures throughout FY 20 to address past shortfalls.

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 DECEMBER 31, 2019

TRADITIONAL INDUSTRIES

INDUSTRY	FY 20 BEGINNING	FY 20	FY 20	FY 20
	CASH BALANCE 07/01/19	REVENUES THROUGH Q2	EXPENDITURES THROUGH Q2	CASH BALANCE 12/31/19
NON-PROJECT OPERATIONS				
MANAGEMENT & SUPPORT ¹	59,900	0	839,000	(779,100)
DISTRIBUTION CENTER	164,900	103,400	311,800	(43,500)
TRANSITION PROGRAM	0	0	26,600	(26,600)
SUB-TOTAL	224,800	103,400	1,177,400	(849,200)
PROJECT OPERATIONS				
FURNITURE ²				
SYSTEM FURNITURE	(13,567,400)	2,565,300	1,993,400	(12,995,500)
UPHOLSTERY	347,600	1,796,100	1,253,000	890,700
FURNITURE SUB-TOTAL	(13,219,800)	4,361,400	3,246,400	(12,104,800)
LAUNDRY	(1,306,600)	1,175,700	781,800	(912,700)
TEXTILES	(8,185,400)	711,600	541,600	(8,015,400)
METAL STAMPING	27,183,100	1,868,600	903,100	28,148,600
CANTEEN	(267,700)	806,700	873,300	(334,300)
PRINTING	(4,325,400)	264,100	278,500	(4,339,800)
SIGNS				
CUSTOM SIGNS SHOP	1,063,600	522,000	497,200	1,088,400
ROAD & TRAIL SIGNS SHOP	(1,579,900)	425,500	480,300	(1,634,700)
SIGN HYDROSTRIPPING SHOP	(1,191,800)	95,000	24,100	(1,120,900)
SIGNS SUB-TOTAL	(1,708,100)	1,042,500	1,001,600	(1,667,200)
DURABLE MEDICAL EQUIPMENT REFURBISHING	(135,000)	8,800	58,900	(185,100)
TOTAL	(1,740,100)	10,342,800	8,862,600	(259,900)

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 December 31, 2019**

Projected Revenue		\$ 19,112,200
Projected Cost of Goods Sold	\$ 15,602,700	
Projected Administrative Expense	<u>\$ 2,872,400</u>	
		<u>\$ 18,475,100</u>
Plus beginning Cash Balance		\$ (1,740,100)
Projected Cash Profit (Loss) - June 30, 2020		\$ 637,100
Projected Cash Balance June 30, 2020		<u><u>\$ (1,103,000)</u></u>

**June 30, 2020 Projected Accrual Profit and Loss Statement
As of December 31, 2019**

Projected Sales		\$ 19,112,200
Projected Cost of Goods Sold	\$ 15,899,600	
Projected Administrative Expense	<u>\$ 2,915,500</u>	
		<u>\$ 18,815,100</u>
Projected Accrual Basis Operating Profit (Loss) - June 30, 2020		<u>\$ 297,100</u>

2nd Quarter projections are based on BSI's past years experience of expenses compared to revenue.