



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

June 13, 2016

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Department of Corrections s. 303.01(1)(c) Hearing -- Establishment of New Canteen
Prison Industry

Section 303.01(1)(c) of the statutes provides that prior to establishing a new prison industry, the Department of Corrections must provide written notification of its proposed action to the Joint Committee on Finance Cochairpersons. The Cochairpersons must hold a public hearing before the Committee concerning the proposal.

On April 26, 2016, Corrections submitted its written notification about the creation of a new canteen prison industry. According to the notification, Corrections' Prison Industries Board approved the creation of the new canteen industry in January, 2010. The Department requested approval of the new industry in its 2011-13 biennial budget request, but the request was not included in the Governor's budget recommendations. Under the proposal, canteen services will be established initially at the women's prison, Taycheedah Correctional Institution, then expand to Dodge, Fox Lake, Kettle Moraine, Oshkosh, Redgranite, and Waupun in the following months throughout the first year.

Currently, canteen services are provided by contract at 15 institutions and in-house at five institutions. Canteen products sold to inmates include items such as shaving cream, mouthwash, lotion, deodorant, aspirin, soda, and candy. According to Corrections, there are currently 46 inmates working at the in-house canteen operations, plus 15 inmates who unload trucks at the contracted canteen sites.

According to the Department, contracted operations will shift to the prison industry when the contract expires. The advantages Corrections identifies for establishing canteen operations as a prison industry include:

- There are currently no prison industries located at the female facilities. Establishing canteen operations at Taycheedah Correctional Institution will provide equity for female inmates.

- A canteen prison industry will provide uniformity in pricing and product selection for all the institutions. Currently, in-house canteen services have different product pricing and selection than contracted canteen services. Establishing a prison industry will also consolidate how the Department orders products and manages deliveries and inventories. The Department currently contracts with the Keefe Group, who will continue to work with Corrections when the prison industry is created: "they are supportive of the switch and willing to work with DOC whenever the switch occurs."

- While prison industries has been profitable in recent years, it has been operating with a deficit since 2009-10 (\$2.8 million at the end of 2014-15): "Establishment of a canteen industry will help insulate BSI [Badger State Industries] from economic downturn because of the stability of canteen sales."

- Inmates will benefit from the new industry as a result of: (a) being paid a higher wage rate than other institutional jobs, increasing their ability to meet financial obligations; and (b) receiving job certification and accreditation opportunities.

The proposed industry at Taycheedah will employ approximately 16 inmates in the first year, then 25 inmates when expanded, with an average hourly wage of \$0.95 (the current average hourly wage for inmates working in canteen positions run by individual institutions is \$0.11). Inmate employment at the current in-house canteen operations (46 inmates) will likely decline with the majority of work occurring at Taycheedah, but it is unknown by how many. Estimated prison industry staffing would include 0.5 supervisor, 1.0 industry specialist. Estimated revenue and expenditures are projected as follows:

	<u>First Year</u>	<u>Fully Implemented</u>
Expenditures		
Cost of Goods*	\$2,787,300	\$5,384,700
Staffing/Administration	280,000	391,300
Inmate Wages	<u>30,700</u>	<u>47,500</u>
	\$3,098,000	\$5,823,500
Revenue		
Total Sales	\$3,097,000	\$5,983,000
Profit/Loss	(\$1,000)	\$159,500

*Includes a 10% institutional profit

Prepared by: Chris Carmichael