



Legislative Fiscal Bureau

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February 25, 2013

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Corrections: Section 13.10 Request for Funding from the Joint Committee on Finance
Supplemental Appropriation and for Transfer of Funding Between Appropriations --
Agenda Item I

REQUEST

On January 22, 2013, the Department of Corrections submitted a s. 13.10 request for the transfer of \$9,273,200 GPR from the Joint Committee on Finance's supplemental appropriation [s. 20.865(4)(a)] to the Department's general program operations appropriation [s. 20.410(1)(a)]. Further, the Department requests the following transfers between appropriations: (a) \$13,650,000 GPR to the general program operations appropriation; (b) \$1,000,000 GPR to the serious juvenile offenders appropriation; (c) \$50,000 GPR to the juvenile general program operations appropriation; (d) -\$6,500,000 GPR from the contract beds appropriation; (e) -\$4,500,000 GPR from the services for drunken driving offenders appropriation; (f) -\$3,700,000 from the fuel and utilities appropriation.

ANALYSIS

General Program Operations Appropriation. The 2011-13 biennial budget act, Act 32, deleted \$22,701,100 GPR in 2011-12 and \$29,954,800 GPR in 2012-13, related to a projected decline of inmates in the adult prison populations (1,208 inmates in 2011-12 and 1,593 inmates in 2012-13). In this s. 13.10 request, similar to its request in February, 2012, the Department indicates that the male prison population has not declined as projected in the budget. For 2012-13, Act 32 estimated an average daily population of 20,016 males, while the actual male population at the end of January, 2013, was 20,697. Regarding the deleted funding amounts, calculations were based on the current daily contract rate of \$51.46 under the contract bed appropriation, however, the majority of funding was removed from the Department's general program operations

appropriation, not the contract bed appropriation. Further, funding was eliminated from supplies and services associated with variable costs for inmates, including food costs, inmate health care, and variable non-food costs (such as clothing, laundry, wages, and other supplies). These variable inmate costs under the general program operations appropriation total approximately \$14 per day. As a result, the expenditure reduction associated with the budgeted deletion of \$29,954,800 has not materialized. The Department estimates expenditures by the end of 2012-13 of \$675,219,700 GPR in its general program operations appropriation, with \$643,394,100 budgeted, a difference of \$31,825,600.

As indicated above, the Department also requested a transfer of \$50,000 GPR to its juvenile general program operations appropriation for energy costs for the closed juvenile facilities Ethan Allen School and Southern Oaks Girls School. However, since the request was submitted, the Department states that "it was determined that there is sufficient budget in the 301 Appropriation in total to cover the shortfall for utilities. The Department requests that the \$50,000 be added instead to Appropriation 20.410(1)(a) General program operations." As such, the total requested funding for the general program operations would be \$22,973,200 GPR, including: (a) \$9,273,200 GPR from the Joint Committee on Finance supplemental appropriation, originally associated with overtime; (b) \$13,650,000 GPR transferred from other appropriations; and (c) \$50,000 GPR also transferred from other appropriations, originally requested for energy costs under the juvenile general program operations appropriation.

Serious Juvenile Offenders Appropriation. Under Act 32, the juvenile population associated with the serious juvenile offender program was projected to be 202 juveniles in 2011-12 and 182 in 2012-13. The Department's request indicates that there was an unanticipated increase in independent living placements in calendar year 2012. Under the budget, expenditures for independent living placements in fiscal year 2011-12 were estimated at \$1,122,000, based on a daily rate of \$128 for an average daily juvenile population of 23.95. However, actual expenditures for independent living placements were \$2,167,300, with an average daily rate of \$164.45 for an average daily population of 36.01. For 2012-13, independent living placement expenditures were budgeted at \$960,600, based on a daily rate of \$131 for an average daily juvenile population of 20.09. However, expenditures for independent living placements in 2012-13 are now estimated to be \$2,052,600, based on an average daily rate of \$157.56 for an average daily population of 35.74 juveniles. According to the Department:

"Independent living placements have experienced an unanticipated increase due in part to the fluctuation of providers utilized. Independent Living provider rates can range anywhere from \$60 to \$300, unlike other alternate care rates which are DCF-mandated. Youth are placed based upon the treatment and services provided, and this can cause unanticipated shifts in independent living rates."

Since the serious juvenile offender appropriation is a biennial appropriation from which funding can be transferred between years, the Department transferred \$506,000 in 2012-13 funding to cover the increased costs during calendar year 2011-12. With higher expenditures for independent living placements continuing in 2012-13, the Department requests the transfer of \$1,000,000 GPR to the appropriation. While expenditures for independent living placements are

estimated to exceed budgeted levels by \$2.1 million over the biennium, the Department indicates it is not requesting additional funding because expenditures for institutional placements under the serious juvenile program have been lower than budgeted.

In order to address the anticipated appropriation deficits, the Department requests the transfer of funding (\$9,273,200 GPR) from the Joint Committee on Finance's supplemental appropriation, placed there under Act 32 related to overtime. Funding was placed in the Committee's appropriation as a result of concerns over overtime expenditures, assuming that if the Department needed to return for funding, the Committee would have the opportunity to review correctional overtime use and efforts to contain costs. According to the request, the Department will be able to cover overtime expenditures utilizing existing resources, and instead needs the funding for supplies and services costs. In addition, the Department requests the transfer of \$13,700,000 GPR from the following appropriations:

a. \$6,500,000 GPR from Corrections Contracts and Agreements [s. 20.410(1)(ab)]. The Department's utilization of contract beds for inmates has declined as a result of the male populations, while not declining as anticipated under Act 32, continuing "to remain relatively flat." Further, the Department converted the correctional center John C. Burke in Waupun from a female facility to a male facility, which has enabled the Department to further reduce the utilization of contract beds.

b. \$4,500,000 from Services for Drunken Driving Offenders [s. 20.410(1)(bd)]. Under 2009 Act 100, an appropriation was created for the Department to provide community probation supervision, fund a monitoring center, and provide enhanced community treatment for persons convicted of a second or third offense related to driving while intoxicated. While funding is budgeted at \$9,162,400 GPR for an estimated population of 2,015 offenders, due to time delays and sentencing practices, populations have not yet reached those levels. As of December, 2012, the Department was handling an offender population of 1,542 (599 second offense cases and 943 third offense cases). As such, surplus funding is available for transfer.

c. \$3,700,000 from fuel and utilities [s. 20.410(1)(f)]. The Department's budget for fuel and utilities in 2012-13 is \$33.4 million, while actual expenditures are estimated to be approximately \$29 million. As such, the Department estimates having a surplus for transfer.

On March 14, 2012, the Joint Committee on Finance approved a similar request to transfer funding from the Committee's supplemental appropriation, as well as transfers of funding between appropriations, to deposit \$25,011,900 GPR into Corrections' general program operations appropriation in 2011-12. For 2012-13, based on the anticipated expenditures for general program operations in 2012-13, if the requested funding were transferred to the general fund appropriation, a deficit of approximately \$8,902,400 would still remain in the general program operations appropriation. However, Corrections anticipates that remaining deficit amounts will be mostly attributed to fringe benefit costs, which will be addressed under pay plan supplements. To the extent that the pay plan is not able to fully fund remaining fringe benefits, Corrections indicates it will hold vacancies open and pursue other options in order to generate savings in the appropriation.

Alternatively, the Committee may wish to approve Department's request, as modified with \$50,000 GPR deposited into the general fund program operations appropriation instead of the juvenile general program appropriation. As such, Corrections would work to generate savings in the appropriation of \$8,852,400 GPR. [Alternative 2]

ALTERNATIVES

1. Approve the Department's request to transfer \$9,273,200 GPR from the Joint Committee on Finance's supplemental appropriation [s. 20.865(4)(a)] to the Department's general program operations appropriation [s. 20.410(1)(a)]. Further, approve the following transfers between appropriations: (a) \$13,650,000 GPR to the general program operations appropriation; (b) \$1,000,000 GPR to the serious juvenile offenders appropriation; (c) \$50,000 GPR to the juvenile general program operations appropriation; (d) -\$6,500,000 GPR from the contract beds appropriation; (e) -\$4,500,000 GPR from the services for drunken driving offenders appropriation; (f) -\$3,700,000 from the fuel and utilities appropriation.

2. Approve the Department's request with the following modification: instead of transferring \$50,000 GPR to the juvenile general program operations appropriation, transfer that amount to the general program operations appropriation. As such, \$13,700,000 GPR would be transferred from other appropriations to general program operations.

3. Deny the request

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