

Committee Name:
Joint Committee – Finance
(JC–Fi)

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13.10 Meeting
December 20, 1999
Agenda Item XVI

Issue: Administration—Request for the Release of Reserved Funds for Operation Fresh Start Replication Projects

Recommendation: Alternative 2

Comments: DOA requests the release of \$232,000 GPR to fund Operation Fresh Start Replication projects. The program is designed to provide at-risk young people with education, employment skills and career direction leading to economic self-sufficiency for participants.

LFB has reviewed the matching fund commitments that DOA has secured and seems to think everything is in order. However, the original proposal anticipated that ten projects would each receive annual grants of \$200,000 each, plus a local match. Only seven grantees have been selected.

Since only seven recipients have been identified, LFB suggests that the Committee holdover \$6,550 GPR of the funds until the next round of recipients are selected. The unreleased money will in no way affect the seven projects already selected. It's not a huge deal, but LFB thinks it's better. Alt. 1 is okay if people would rather go that way.

Prepared by: Julie



Legislative Fiscal Bureau

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December 21, 1999

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Administration: Section 13.10 Request for the Release of Reserved Funds for Operation Fresh Start Replication Projects – Agenda Item XVI

INTRODUCTION

The Department of Administration (DOA) is requesting the release of the \$232,000 GPR in 1999-00 that is currently reserved in the Committee's s. 20.865(4)(a) appropriation to be used to fund Operation Fresh Start replication projects. The Department requests that the funding be released to DOA's s. 20.505(7)(c) appropriation for payments to designated agents.

BACKGROUND

The Operation Fresh Start (OFS) program replication initiative is based on a long-running Madison program of the same name that is designed to provide at-risk young people with education, employment skills and career direction leading to economic self-sufficiency for participants. The purpose of the replication effort is to establish comparable projects throughout the state using the Madison program as the model.

The Madison OFS program is aimed at increasing the self-esteem and self-sufficiency of youths and young adults (ages 16 to 24) who evidence alcohol and other drug abuse problems; poor health and nutrition; low educational achievement; poor employment history; physical, sexual and emotional abuse or criminal histories. The program offers an educational component where participants complete classes leading to a high school equivalency diploma and a vocational component where participants learn basic home construction, rehabilitation and remodeling skills. An additional focus of the work component of the program is to rehabilitate substandard housing into well-built, mechanically sound and affordable dwellings for low- and moderate-income

homeowners. In the case of the Madison program, the sale of the rehabilitated housing stock has allowed major portions of the program to become largely self-supporting.

In a pilot effort to expand the OFS program to other venues in the state during the 1998-99 fiscal year, the Governor directed DOA's Division of Housing and Intergovernmental Relations to commit base level resources to fund at least two replication projects. The Division subsequently allocated \$530,000 from monies available under the federal Home Investment Partnership (HOME) program and from WHEDA monies available to the Division to fund two new OFS-type projects, one in the Eau Claire area and one in the Stevens Point area.

Subsequently, as a part of the Governor's 1999-01 biennial budget recommendations, \$232,000 GPR annually was provided to the Division's s. 20.505(7)(d) grants to local housing organizations appropriation to support a portion of the costs of funding up to ten OFS replication projects statewide. This recommended funding was to be used in conjunction with \$1,768,000 of other new or currently available funding from a variety of sources such that a total of \$2,000,000 annually would be available to support ten competitive grants of \$200,000 each for programs located throughout the state. Grantees would be expected to provide a local match.

During the Committee's biennial budget deliberations, it was noted that in addition to the \$232,000 GPR being proposed by the Governor for OFS replication projects, the Division had firm commitments from other funding sources only for an additional \$660,000 annually. As a result, the Committee placed the \$232,000 GPR annually recommended for additional OFS projects in the Committee's s. 20.865(4)(a) supplemental appropriation. These funds were to be reserved for possible future release to the Division under s. 13.10 procedures, once the total additional funding commitments for the replication projects were known and had been secured.

The Division has now assembled funding commitments from a variety of different sources that total \$1,985,595 (all funds) in 1999-00 when the \$232,000 GPR in 1999-00 in the Committee's supplemental appropriation is included. Therefore, DOA is requesting the release of \$232,000 GPR in 1999-00 currently reserved in the Committee's s. 20.865(4)(a) appropriation to the Division to permit the funding of awards of \$242,635 each to seven grantees selected in the 1999-00 funding cycle for OFS replication projects. [A related funding release request from the Department of Corrections (Agenda Item XIX) would be a source of \$255,000 in 1999-00 of the total \$1,985,595 identified by DOA as being committed in 1999-00 for OFS replication projects.]

ANALYSIS

The Division of Housing and Intergovernmental Relations has secured, assuming the Committee's release of the requested \$232,000, total funding commitments amounting to \$1,985,595 in 1999-00. These funding sources are identified in Table 1.

TABLE 1
Operation Fresh Start Funding Commitments for 1999-00

<u>Agency</u>	<u>Program Providing Funds</u>	<u>Instrument of Agreement</u>	<u>Amount</u>
Administration	Federal HOME Program	Included in State Consolidated Plan	\$438,600 FED
Administration	Oil Overcharge Funds	"Stripper XIX" Allocation	100,000 FED
Administration (OJA)	Juvenile Accountability Incentive Block Grant	Award Letter	100,000 PR
	Challenge Grant	Award Letter	100,000 PR
Administration	General Fund	s. 13.10 Release Request (Agenda Item XVI)	232,000 GPR
Corrections	General Fund (Community Corrections Services) and Byrne Anti-Drug Grant	s. 13.10 Release Request (Agenda Item XIX)	150,000 GPR 105,000 PR
National Community Services Board	Americorps Grant	Award Letter	500,000 PR
WHEDA	Dividends Plan	Letter from WHEDA Board	<u>259,995</u> PR
Total Funding Commitments (All Funds)			\$1,985,595

Some of the OFS funding resources identified in Table 1 are subject to specific limitations with respect to the types of activities that the monies be used to support or the areas of the state in which the funds may be expended. Other funding identified in Table 1 is unrestricted in how or where it may be expended. Further, several of these funding sources may be available to the Division in future fiscal years for continuation funding for the OFS replication project, while other funding sources appear to be one-time in nature. Each of these funding sources is reviewed below.

Federal HOME Program Funds. The Division of Housing and Intergovernmental Relations would allocate \$438,600 FED of HOME funds from the federal Department of Housing and Urban Development (HUD) to support housing construction, administration and labor project costs for up to six OFS projects. Under current federal requirements, these funds cannot be used for OFS projects in any of the following areas of the state that receive direct HOME entitlement funding from HUD: the cities of Eau Claire, Green Bay, Kenosha, La Crosse, Madison, Milwaukee and Racine as well Milwaukee County and a consortium comprised of Jefferson, Ozaukee, Washington and Waukesha Counties. It is anticipated that additional funding from this program likely would be available during the 2000-01 fiscal year for OFS program awards.

Oil Overcharge Funds. The Division would allocate \$10,000 FED of oil overcharge restitution funds to each OFS replication project, up to a maximum of 10 grantees. These funds were made available for use under the OFS replication project by the "Stripper XIX" oil overcharge restitution funds allocation, approved by this Committee on April 21, 1999. Each OFS project

could use up to \$1,500 of the oil overcharge funds allocated for participant training in energy efficiency improvements. The balance of \$8,500 per grantee could be used for the installation of energy-efficient furnaces, water heaters, windows and doors, appliances and lighting and for insulation and air sealing in the rehabilitated housing. The availability of these types of funds in the future would require that additional uncommitted oil overcharge restitution funds be programmed for additional OFS replication activities. It is also possible that future allocations to the OFS program for energy efficiency costs might be made available under the new public benefits grant program authorized by 1999 Wisconsin Act 9.

OJA Juvenile Accountability Incentive Block Grant. Under the Office of Justice Assistance's (OJA) federal Juvenile Accountability Incentive Block Grant program (JAIBG), the state and certain counties and municipalities are eligible to receive a direct award of federal funds, to be used for a variety of programs dealing with juvenile offenders. In federal fiscal year (FFY) 1998, OJA received a total of \$4.4 million in JAIBG funds. The majority of this funding is directly awarded to local units of government for juvenile justice-related projects. The remainder, up to 25% of the total state award, may be allocated to state agencies to implement similar projects. OJA has awarded \$100,000 PR from the FFY 1998 local governments' portion of JAIBG monies to the OFS replication project initiative. (An additional \$11,100 PR in state penalty assessment match monies was also provided to meet a 10% state match requirement.) According to OJA officials, the award to OFS would be used to hire staff and help fund a portion of participants' stipend costs in counties that do not currently receive direct JAIBG monies. The Division has tentatively planned to allocate these funds to the likely OFS grantees in the two counties that meet this county funding eligibility requirement. OJA officials expect to receive these JAIBG funds each year (OJA was recently awarded another \$4.4 million for FFY 1999). As a result, OJA officials indicate that the Division could reapply for additional JAIBG funding for the OFS program during the next fiscal year.

OJA Challenge Grant Funds. Through the Challenge Grant program, the federal government encourages states to develop innovative criminal and juvenile justice programs. Unlike the JAIBG program, Challenge Grants may be made only to state agencies, which can in turn subcontract with local units of government. In FFY 1999, OJA received \$157,000 in Challenge Grant monies. From these funds, \$100,000 has been awarded to the Division of Housing for its OFS replication projects. It is anticipated that \$82,900 of the total would fund staff and participant salaries, and \$17,100 of the total would fund operating expenses among likely grantees in four counties. The Challenge Grant does not require a cash match from the recipient. According to OJA officials, the award to the OFS program is one-time in nature. As a result, the Division would not be able to apply for additional Challenge Grant funding for OFS replication projects in future years.

JFC Funding Release. The \$232,000 GPR in 1999-00 reserved in the Committee's supplemental appropriation for the OFS replication projects are unrestricted with respect to the purpose for which they may be used or the areas of the state in which they may be expended. However, the funding request was originally premised on the Division having a total of ten replication projects. An additional \$232,000 GPR in 2000-01 is reserved in the Committee's supplemental appropriation for additional OFS replication projects. Release of those funds is also

contingent on the Division of Housing securing the necessary funding commitments for the OFS replication program in that fiscal year.

Department of Corrections Funding. The Division's request to the Committee indicates that the Department of Corrections (DOC) is asking for the release of \$255,000 GPR reserved in the Committee's supplemental appropriation to supplement DOC's purchased services for offenders appropriation. However, the DOC is actually requesting the release of \$150,000 GPR in reserved purchase of services monies and an additional \$105,000 PR would be provided through an allocation of federal Byrne Anti-Drug Grant funds from OJA [see Agenda Item XIX]. These released funds would be used to support direct training and support program services to three DOC offenders enrolled in each of seven different OFS replication projects. It is anticipated that each of the seven projects would receive a total of \$30,000 annually for these services. Since additional purchase of service monies are also reserved in the Committee's supplemental appropriation for the 2000-01 fiscal year, it is anticipated that this source of funding would again be available to the OFS program in the future.

AmeriCorps Funding. The Corporation for National Service, a federal agency, has awarded the state \$500,000 from funding available from a set-aside within the federal AmeriCorps program for Governors' initiatives. The funding will be available to develop a community services program for nontraditional AmeriCorps enrollees. Under the terms of the award, a total of 100 AmeriCorps members must be served annually. Enrollees will serve approximately 30 to 40 hours a week on an OFS project with 80% of their time spent on the rehabilitation work and 20% spent on enrollee development activities. The AmeriCorps funding would support staff salaries, materials and general operational funding for the OFS projects. Enrollee stipends and living allowances would be provided from other AmeriCorps funding sources. The state will have the option of renewing this level of AmeriCorps funding for two additional years.

WHEDA Funding. The Wisconsin Housing and Economic Development Authority (WHEDA) is required by statute to maintain an unencumbered general reserve fund within its general fund into which any Authority assets in excess of operating costs and required reserves are to be deposited. A large portion of its unencumbered general reserve funds is used by WHEDA to supplement bond proceeds to achieve more favorable interest rates or other lending terms. However, the Authority also develops and administers a number of programs using these funds. Annually, the Authority submits a "Dividends for Wisconsin" plan, which is required to be reviewed by the Governor and Legislature, that specifies the amount of funding from total unencumbered general reserves that is to be allocated to single- and multi-family housing programs and economic development programs. In the plan for fiscal year 1999-00, the Authority has earmarked \$259,995 PR for the OFS program. The use of this funding is unrestricted; consequently, it may be targeted to likely grantees that may be barred from receiving funding under some of the other funding sources described above. It is possible, but not assured, that the Division could receive an additional allocation of WHEDA funds in 2000-01 for OFS replication projects.

The attached Table 2 summarizes the proposed allocation of monies from the various funding sources described above to the counties of the anticipated OFS replication program grantees for the 1999-00 fiscal year. During budget deliberations on funding the OFS replication

initiative, it was originally anticipated that ten projects annually would receive annual grants of \$200,000 each, plus a local match. As indicated in the attached Table 2, however, only seven grantees are currently proposed to be funded with overall awards of \$242,635 each. However, all but \$6,550 of the reserved GPR funding would be used. [A local match of at least \$51,250 would also be required.]

The Division indicates that there are two principal reasons for the increase in the amount of each individual grant and the decrease in the number of replication projects to be funded. First, the Americorps grant requires that at least 100 enrollees be served under the terms of that award. Given the number of viable proposals submitted to the Division, a larger number of participants had to be served under each fundable project in order for the total number of participants to equal at least 100. The increase in the number of enrollees per project therefore had the effect of also increasing each project's overall budget. Second, the geographical funding limitations contained in the federal HOME program funds and in some of the OJA grants meant that these funds could only be used for certain grantees. This targeting of funds then required that available unrestricted monies had to be reallocated to other projects in greater than proportional amounts so that each project ultimately received the same level of overall funding. As a result of these adjustments, a residual balance of \$287,150 remains of the identified total funding of \$1,985,595 that cannot be awarded or for which DOH has no specific plan for award at this time.

Of the \$287,150 total uncommitted amount: (1) \$6,550 GPR is attributable to the funds subject to this current release request; (2) \$30,000 FED is attributable to "Stripper XIX" oil overcharge monies (and intended to be allocated \$10,000 per project); (3) \$45,000 GPR is attributable to DOC funding subject to release pursuant to Agenda Item XIX; and (4) \$55,600 PR is attributable to the OJA Juvenile Accountability Incentive Block Grant (and may be used only in those counties that do not currently receive direct JAIBG monies).

The Division has indicated that partial year grants might be made from these residual funds during the spring of 2000 with the balance being provided once the 2000-01 OFS funding package has been assembled and the additional reserved GPR funds have been released by the Committee. However, given the current limitations that apply to at least some portions of the residual funds identified in attached Table 2, it is open to question whether viable partial year grants would be possible for the remainder of the current fiscal year. The Committee may wish to consider releasing for 1999-00 only \$225,500 GPR of the reserved OFS replication funds in the Committee's supplemental appropriation to fund those projects that have been identified by the Division. The remaining \$6,500 GPR would continue to remain available in the Committee's biennial appropriation and could be released in connection with the Division's likely 2000-01 OFS replication project funding request.

Finally, it should be noted that the Division has requested that the release be made to its s. 20.505(7)(c) payments to designated agents appropriation rather than to its s. s. 20.505(7)(d) grants to local housing organizations appropriation, as was originally proposed in the biennial budget. The Division believes that by placing the funds in its payments to designated agents appropriation, the agency will have maximum flexibility in the types of entities to which it may make an OFS grant award.

ALTERNATIVES

1. Approve the release of \$232,000 GPR in 1999-00 currently reserved in the Committee's s. 20.865(4)(a) appropriation to the Department of Administration's s. 20.505(7)(c) payments to designated agents appropriation to fund Operation Fresh Start replication projects.

2. Approve the release \$225,500 GPR in 1999-00 currently reserved in the Committee's s. 20.865(4)(a) appropriation to the Department's s. 20.505(7)(c) payments to designated agents appropriation to fund Operation Fresh Start replication projects. *[This alternative would release only the amounts required to fund the likely OFS grants for 1999-00 specifically identified in the request. The unreleased \$6,550 GPR in 1999-00 would remain available for future release in connection with any 2000-01 OFS replication project funding request.]*

3. Deny the request.

Prepared by: Tony Mason

MO# Act 2

1	BURKE	<input checked="" type="radio"/>	N	A
	DECKER	<input checked="" type="radio"/>	N	A
	JAUCH	<input checked="" type="radio"/>	N	A
	MOORE	<input checked="" type="radio"/>	N	A
	SHIBILSKI	<input checked="" type="radio"/>	N	A
	PLACHE	<input checked="" type="radio"/>	N	A
	COWLES	<input checked="" type="radio"/>	N	A
	PANZER	<input checked="" type="radio"/>	N	A
2	GARD	<input checked="" type="radio"/>	N	A
	PORTER	<input checked="" type="radio"/>	N	A
	KAUFERT	<input checked="" type="radio"/>	N	A
	ALBERS	<input checked="" type="radio"/>	N	A
	DUFF	<input checked="" type="radio"/>	N	A
	WARD	<input checked="" type="radio"/>	N	A
	HUBER	<input checked="" type="radio"/>	N	A
	RILEY	<input checked="" type="radio"/>	N	A

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TABLE 2

Operation Fresh Start Program
Tentative Plan for Distribution of Grant Funds
(1999-00 Funding)

Operation Fresh Start Replication Project Grants By County Location

Source of Funds	Fond du Lac	Waushara	Sawyer	Milwaukee	Columbia	Marathon	Eau Claire	Subtotal	Balance for Possible Additional Grantees	Total
DOA - Housing										
Federal HOME Program	\$73,100	\$73,100	\$73,100	\$73,100	\$73,100	\$73,100	\$73,100	\$438,600	\$0	\$438,600
s. 13.10 Released Funds	56,150	22,850	22,850	\$32,850	22,850	22,850	45,050	225,450	6,550	232,000
DOA - Energy										
Oil Overcharge Funds	10,000	10,000	10,000	10,000	10,000	10,000	10,000	70,000	30,000	100,000
Office of Justice Assistance										
Juvenile Accountability		33,300					11,100	44,400	55,600	100,000
Incentive Block Grant			25,000	25,000	25,000	25,000		100,000	0	100,000
Challenge Grant										
Corrections										
s. 13.10 Released Funds/Byrne Grant	30,000	30,000	30,000	30,000	30,000	30,000	30,000	210,000	45,000	255,000
AmeriCorps Grant	50,000	50,000	50,000	50,000	50,000	50,000	50,000	350,000	150,000	500,000
WHEDA										
Dividends Program	23,385	23,385	31,685	94,785	31,685	31,685	23,385	259,995	0	259,995
TOTAL	\$242,635	\$242,635	\$242,635	\$242,635	\$242,635	\$242,635	\$242,635	\$1,698,445	\$287,150	\$1,985,595
Number of Participants Served	12-16	12-16	12-16	12-16	12-16	12-16	12-16	84-112		

Agency: Employee Trust Funds

Recommendations:

Agenda Item XVII Support the conclusion

Comments: This would allow the department to cover unbudgeted costs associated with the SIPD lawsuit. Fiscal Bureau says the proposal seems reasonable.

Prepared by: Bob



Legislative Fiscal Bureau

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December 21, 1999

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Employee Trust Funds: Section 13.10 Request for Special Investment Performance
Dividend Lawsuit Settlement 1999-00 Project Costs -- Agenda Item XVII

INTRODUCTION

The Department of Employee Trust Funds (ETF) is seeking a nonbase-building funding supplement of \$1,266,800 SEG in 1999-00 to its s. 20.515(1)(w) general administrative appropriation to fund extraordinary costs associated with the agency's continuing claims payment activities pursuant to the special investment performance dividend (SIPD) lawsuit settlement. The Department requests that this supplemental funding be provided from the Committee's s. 20.865(4)(u) appropriation. Supplements made from this appropriation are drawn from the available balances of the appropriate segregated fund, which in this case are from investment earning monies of the Public Employee Trust Fund.

BACKGROUND

In mid-1997 the parties involved in the SIPD lawsuit reached an agreement under which the state was required to pay a settlement in the amount of \$215.0 million GPR, of which \$206.6 million GPR was reserved for equitable distribution to WRS annuitants other their beneficiaries or estates. Funding sufficient to pay this settlement was included in the 1997-99 biennial budget.

During late 1997, ETF began implementing Phase I of an anticipated three-phase project to distribute the SIPD settlement amounts. Activities during this initial phase included a notification of all WRS annuitants of the settlement and a description of the impact of the settlement on annuitants, former annuitants, alternate payees, joint survivors and on beneficiaries and estates of

eligible deceased annuitants who would have been eligible to receive the approved distribution. During this period, ETF established special information lines, terminated payment of the previous SIPD distributions, adjusted the annuities of eligible annuitants (persons with WRS annuities first effective November 1, 1987, or earlier), made lump sum distributions to approximately 42,400 current and former annuitants, and instituted a new GPR-funded annuity supplement authorized by 1997 Wisconsin Act 26 to hold harmless any annuitant who would have been adversely affected by the termination of the SIPD payment.

Phase II of the project began in early 1998, after the payments and distributions under Phase I were fully completed. The principal focus of Phase II activities has been to locate potential claimants for payments due an estimated 27,700 estates or beneficiaries of deceased annuitants who would have been eligible for the adjusted annuity payment if they were still living. The ETF Board initially directed that all claims under Phase II activities be submitted to the Department by March 31, 1999, or be barred, unless the Board acted prior to that date to extend the claims submission deadline for claims from estates and beneficiaries.

At that time, ETF anticipated that Phase III of the project would run from March 31, 1999, the claims filing deadline date, through June 30, 1999. During Phase III activities, ETF expected that it would be processing final claims for payment, preparing final tax documents and submitting final reports to the ETF Board to conclude the project.

On June 4, 1998, the Joint Committee on Finance provided ETF with a nonbase-building supplement of \$359,800 SEG for the 1997-98 fiscal year to support the agency's unbudgeted SIPD settlement distribution costs for Phase I and Phase II activities. At the time this supplementation was granted, ETF was still involved in Phase II activities and, therefore, was unable to adhere to the original project timetable. When the Department began to implement Phase II efforts, it found that a much more extensive process was required to determine the names of the potential heirs for each estate for which a claims payment inquiry had been received. These additional complexities, plus substantial turnover of contract project staff, contributed to claims processing delays, and therefore the ETF Board acted to extend the deadline date for filing a claim for an SIPD settlement payment from the original March 31, 1999, deadline to November 30, 1999. The cutoff date for filing final claims payments during Phase III was also extended from June 30, 1999, to March 31, 2000.

On April 21, 1999, ETF received a nonbase-building funding supplement of \$505,300 SEG for the 1998-99 fiscal year to support additional unbudgeted SIPD settlement costs in that year. At that time, ETF gave further indications that one or more additional claims filing deadline extensions might be required. As a result of concerns over potential future costs and the seeming open-ended nature of the claimant location process, the Department was directed to submit a plan at the Committee's final quarterly meeting under s. 13.10 of the statutes for the 1998-99 fiscal year addressing the following matters:

- An identification by the ETF Board of the specific additional activities needed to locate the remaining eligible estates, beneficiaries and heirs regarding potential lump sum distributions due under the SIPD settlement agreement;

- A statement from the ETF Board setting an absolute deadline by which all SIPD claims must be filed;
- Details of a procedure to reserve settlement funds for claims paid after the current SIPD lawsuit settlement implementation project ends; and
- A proposed budget for each fiscal year of the 1999-01 biennium to accomplish these remaining tasks and to terminate the project in an orderly fashion.

The Committee further stipulated that its approval of this plan was required before any future expenditure commitments for the continuing SIPD lawsuit implementation project could be made by ETF.

The Committee subsequently approved the agency's required plan submission on July 15, 1999. Under the approved plan, ETF indicated that it would retain a professional "locator service" to attempt to find eligible heirs or estate administrators to whom an SIPD settlement payment might be due. The plan also indicated that the locator service would be limited to attempting to locate potential claims with a value of \$250 or more.

The approved plan also established a new June 30, 2001, date by which all SIPD claims must be filed with the Department. For claims filed up to that deadline, the ETF plan provides that final claims payment will occur within 60 days after the date on which the Department provides a claim form and requests supporting documentation for the claim. Failure to file a completed claim form or to supply all required information by one of these deadlines will result in the claim file being closed without payment. The approved plan also specifies that sufficient funds to pay any residual claims will be reserved at the ETF Board's June, 2001, quarterly meeting. Any remaining SIPD settlement funds not needed for this final reserve will then revert to the fund balance of the pension system's annuity reserve.

The approved plan also included a projected budget for both fiscal years of the 1999-01 biennium to accomplish these remaining activities under the SIPD settlement project. As originally estimated by ETF, the proposed project budget for 1999-00 would require another appropriation supplementation of \$1,020,300 SEG, and the proposed project budget for 2000-01 would require an appropriation supplementation of \$610,300 SEG. The Department indicated that it would submit a supplemental funding request for fiscal year 1999-00 at the Committee's March, 2000, meeting and also provide at that time an estimated budget for fiscal year 2000-01.

ANALYSIS

The Department is now formally requesting a nonbase-building appropriation supplementation for 1999-00 at a revised level of \$1,266,800 SEG to support the unbudgeted costs associated with locating potential SIPD settlement claimants from among the estates, beneficiaries and heirs of deceased WRS annuitants. The supplemental funding request is being presented at this

time because ETF indicates it has insufficient base budget funding to cover these additional costs until the March meeting. It is anticipated by ETF that the phase-down of these activities will also require an appropriation supplementation for 2000-01 at a revised level of \$716,100 SEG. However, the Department is not requesting any additional funding for 2000-01 at this time because the amount of supplemental funding requested for that year will depend to some extent on how many outstanding claims can be closed during fiscal year 1999-00.

The Department's SIPD actual supplementation request (and the original projected need) for the 1999-00 fiscal year is shown in the table below:

**Funding for 1999-00 SIPD Claims Settlement Costs
Request and Original Estimate**

<u>Cost Category</u>	<u>Requested Amount (Dec. 1999)</u>	<u>Original Estimate (June 1999)</u>
ETF Staff Costs		
Additional LTE Assistance	\$18,300	\$18,300
Permanent Staff Additional Hours	15,100	0
Fringe Benefits	9,800	4,200
Locator Service Costs		
Services to Locate Heirs and Beneficiaries	607,800	456,700
Special SIPD Services Center Operations		
Contractual Staff	513,100	459,800
Space Rental	30,700	30,700
Office and Computer Supplies	12,600	10,500
Telephone and Fax Services	23,700	12,100
Postage Expenses	18,000	11,800
Annuitant Files Retrieval and Storage	<u>17,700</u>	<u>16,200</u>
Total	\$1,266,800	\$1,020,300

As indicated above, the Department's actual supplementation request of \$1,266,800 SEG for 1999-00 is \$246,500 SEG more than the amounts indicated in the estimated 1999-00 claims settlement budget submitted in the plan approved by this Committee on July 15, 1999. The principal reasons for this cost increase are attributable to the following three factors.

First, the locator service retained by ETF to identify estate administrators, beneficiaries and heirs of deceased WRS annuitants has been more successful in locating potential claimants than the Department had originally anticipated. At the time ETF prepared its original plan, the Department anticipated that the locator service would successfully locate potential claimants for about 50% of the 10,659 deceased annuitant files at the time with potential claims of \$250 or more. The locator

service receives \$7.85 for each name provided to it by ETF and an additional \$70 for each successful location effort.

By the time the locator service was actually retained, there remained a total of 9,025 such files of deceased annuitants for whom ETF had been unable to contact any potential claimants. Through December 6, 1999, the locator service has found a total of 5,132 potential claimants, representing almost 57% of the total number of accounts with a value of \$250 or more. The Department's current request now anticipates that the locator service will ultimately successfully locate 85% of all potential beneficiaries and heirs (approximately 7,670 files with potential claims of \$250 or more), at a projected cost of \$607,800 SEG, or \$151,100 SEG more than estimated in the original budget plan.

Second, the increased number of successful location efforts has resulted in the need for additional contract staff to process claims inquiries and pending claims. The Department now estimates that contract staff will average 17.5 FTEs over the remainder of the 1999-00 fiscal year, rather than the 15.5 FTE basis that was used in the earlier estimated budget. In addition, higher contract salaries have been provided in order to encourage the retention of experienced contract staff. Contract staff costs are now projected at \$513,100 SEG in 1999-00, representing an increase of \$53,300 SEG over the amount in the original budget plan.

Third, additional expenses due to locator service-generated claims volume increases for office and computer supplies, telephone services, postage and file retrieval expenses (increases totaling \$21,400 SEG) and added ETF staffing costs (increases totaling \$20,700 SEG) account for the balance of the increase over the budget figures estimated in the original plan.

A review of the Department's total 1999-00 supplemental request amount of \$1,266,800 SEG for the continued implementation of SIPD settlement payments indicates that ETF has overstated its actual fringe benefits requirement for additional agency staff costs by \$5,000 SEG. Accordingly, this amount should be deleted from agency's supplementation request.

The remainder of the cost components of the request is supported by documentation based on expenses actually incurred to date plus estimated costs for remaining anticipated obligations through the end of the current fiscal year. Further, a review of the budget authority in the agency's general administrative appropriation indicates that ETF does not have sufficient base level funds to meet these additional, unbudgeted costs. Since the Department's request meets the statutory standards under s. 13.101(3) of the statutes for granting a supplementation, and the agency's previously approved implementation plan indicated that these types of continuing SIPD expenditures would have to be incurred, the Committee may wish to approve the for nonbase-building supplemental funding for the Department's SIPD settlement costs in 1999-00 at a corrected level of \$1,261,800 SEG.

CONCLUSION

The Department of Employee Trust Fund's request for a supplementation to fund unbudgeted costs associated with the continuing implementation of the SIPD settlement appears reasonable and meets the current statutory standards required under s. 13.101(3) for granting a supplementation. Therefore, the Committee may wish to approve a supplement of \$1,261,800 SEG in 1999-00 from the Committee's s. 20.865(4)(u) appropriation to the Department's s. 20.515(1)(w) general administrative appropriation.

Prepared by: Tony Mason

MO#	<i>conclusion</i>			
1	BURKE	Y	N	A
	DECKER	Y	N	A
	JAUCH	Y	N	A
	MOORE	Y	N	A
	SHIBILSKI	Y	N	A
	PLACHE	Y	N	A
	COWLES	Y	N	A
	PANZER	Y	N	A
2	GARD	Y	N	A
	PORTER	Y	N	A
	KAUFERT	Y	N	A
	ALBERS	Y	N	A
	DUFF	Y	N	A
	WARD	Y	N	A
	HUBER	Y	N	A
	RILEY	Y	N	A

AYE 16 NO 0 ABS _____

13.10 Meeting
Tuesday, December 21, 1999
Agenda Item XVIII

Issue: LTSB -- Request for funding to Correct Act 9 Budget Error

Recommendation: Alternative **1 2**

Comments: Due to a budget screw-up, LTSB needs \$87,400 GPR in 1999-00 and \$165,800 GPR in 2000-01 to provide salary and fringe benefits for positions authorized in the budget. LFB has identified a small error in the request - the correct amounts should be \$86,800 and \$173,600 respectively.

The request should be approved, however LFB has determined that LTSB still has unused base level salary and fringe benefits resources that could be used to offset a portion of this request. Best to use up those resources first before tapping into the Committee's appropriation. Alt. 2 accomplishes this and reduces the amounts to \$67,900 and \$173,600 respectively.

Prepared by: Julie



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

December 21, 1999

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Legislative Technology Services Bureau: Section 13.10 Request for Funding to Correct Act 9 Budget Error -- Agenda Item XVIII

INTRODUCTION

The Legislative Technology Services Bureau (LTSB) is seeking a supplement of \$87,400 GPR in 1999-00 and \$165,800 GPR in 2000-01 to its s. 20.765(3)(em) general program operations appropriation to fund the costs of 3.0 FTE unclassified application programmer permanent positions authorized by 1999 Wisconsin Act 9. Funding to support these new positions was effectively deleted from the agency's budget due to the inclusion of an incorrect entry in the agency's base budget request. The LTSB requests that this supplemental funding be provided from the Committee's s. 20.865(4)(a) appropriation.

BACKGROUND

Under provisions of the 1995-97 biennial budget, the Legislature's Office of Data Processing (LTSB's predecessor agency) was authorized 3.0 FTE two-year project positions and associated funding to provide technical staff support in connection with the implementation of the Legislature's Text 2000 bill drafting system. As part of the base year reconciliation process used to develop the Office's adjusted base funding level for the following 1997-99 fiscal biennium, the project salary and fringe benefits funding for these positions was removed from the agency's base. However, the associated authorization for the 3.0 FTE project positions was not similarly deleted. Consequently, these unfunded position authorizations remained in the agency's base in each fiscal year of the 1997-99 biennium.

During the 1997-99 biennium, the newly created LTSB met the continuing technical development and maintenance support needs of the Text 2000 system through a contractual services agreement with Andersen Consulting. The costs associated with these contractual arrangements were not funded from the LTSB budget but were instead charged to the legislative documents sum sufficient appropriation [s. 20.765(1)(d) of the statutes].

When the LTSB developed its 1999-01 biennial budget request, it sought approval for a more cost-effective alternative to the continued use of consultant services for Text 2000 technical support. The LTSB included a request for \$165,800 GPR annually and authorization for 3.0 GPR permanent positions to provide in-house Text 2000 and other IT-related technical staffing on an on-going basis. In conjunction with this initiative, the agency included a standard budget adjustment request item to remove, as a noncontinuing item, the authority for 3.0 FTE project positions which remained in its base budget. However, the budget as submitted by the LTSB was premised on its understanding that base level salary and fringe benefits funding for these three project positions was also still included in the agency's budget. As a result, this standard budget adjustment request item to delete the project position authority also included the deletion of \$165,800 GPR annually (\$135,000 GPR for salaries and \$30,800 GPR for fringe benefits) thought to be in the agency's existing budget for these project positions. However, since no project position salary funding actually remained in the LTSB's base budget, the deletion of \$135,000 GPR annually for salaries resulted in a net reduction to funding available for the agency's existing budgeted permanent positions. The added funding of \$135,000 GPR annually for the 3.0 new permanent positions consequently served merely to keep the agency's base salary budget whole, leaving no increased funding for the new positions.

The Governor and the Legislature approved the included LTSB budget as submitted. The Governor also recommended and the Legislature approved a related change to reduce estimated expenditures from the legislative documents sum sufficient appropriation by \$165,800 GPR annually to reflect the reduction of contract programming costs as a result of providing the additional technical staff positions to the LTSB.

ANALYSIS

The cumulative effects of these budget provisions on the LTSB's currently available funding resources are as follows. First, the standard budget adjustment provision resulted in a \$165,800 GPR annual reduction to the agency's base budget that should not have been included in the agency's budget request. Second, the increased funding provided for the 3.0 FTE new IT technical staff positions effectively offset this erroneous base level reduction by an equivalent amount. Since all of the funding provided for the new positions therefore served to merely offset the erroneous base level reduction, no increased funding is actually available in the agency's approved budget to fund the additional salary and fringe benefits costs of the three new positions.

The LTSB is therefore requesting \$87,400 GPR in 1999-00 and \$165,800 GPR in 2000-01 to provide salary and fringe benefits funding for these positions for the remaining six months of the 1999-00 fiscal year and for all of the 2000-01 fiscal year based on the original funding level requested.

In reviewing the agency's request, the following points may be noted. First, even though the Governor and Legislature acted to approve funding for additional 3.0 positions, the net effect of approval of the agency's budget request was that that funding increase was negated by other budget item.

Second, the fringe rates applied in the agency's request require adjustment. To correctly reflect the LTSB's fringe benefits requirements, the total amount of the request should be \$86,800 GPR in 1999-00 and \$173,600 GPR in 2000-01 (a decrease of \$600 GPR for 1999-00 and an increase of \$7,800 GPR for 2000-01 to the submitted request). Should the Committee choose to provide the agency's full supplementation request, it should use these revised funding levels, rather than the amounts included in the agency's original request.

Third, although LTSB would have had the full funding requested for the positions had not the budgeting error occurred, because the funding must now come from the Committee's supplemental GPR appropriation, the Committee may wish to note that the LTSB has unused base level salary and fringe benefits resources that could be used to partially reduce the amount of the supplementation request in 1999-00. This is because during the first five months of the 1999-00 fiscal year, the LTSB detailed one of its employees on an interchange agreement to the Revisor of Statutes Bureau. The Revisor funded the salary and fringe benefits of the position for that period of time out of its budget, at a total cost of \$18,900 GPR. Since these equivalent salary and fringe benefits amounts have, therefore, not been expended from the LTSB budget, the Committee could consider reducing the amount of the agency's supplementation request for 1999-00 by \$18,900 GPR.

ALTERNATIVES

1. Provide a supplement of \$86,800 GPR in 1999-00 and \$173,600 GPR in 2000-00 from the Committee's s. 20.865(4)(a) appropriation to the Legislative Technology Services Bureau's s. 20.765(3)(em) appropriation to provide salary and fringe benefits funding for 3.0 FTE new unclassified staff position for which funding was erroneously deleted under 1999 Wisconsin Act 9. *[This alternative funds the agency request as modified to reflect the correct fringe benefit percentage rates for the agency.]*
2. Provide a supplement of \$67,900 GPR in 1999-00 and \$173,600 GPR in 2000-01 from the Committee's s. 20.865(4)(a) appropriation to the Legislative Technology Services Bureau's s. 20.765(3)(em) appropriation to provide salary and fringe benefits funding for 3.0 FTE new unclassified staff position for which funding was erroneously deleted under 1999 Wisconsin

Act 9. [This alternative reflects: (a) the use of the correct fringe benefits costs for the request; and (b) the deletion of \$18,900 GPR in 1999-00 to reflect the availability of base level funds due to salary and fringe benefits reimbursements under an employe interchange agreement with the Revisor of Statutes Bureau.]

Prepared by: Tony Mason

MO# Alt. 2

1	BURKE	<input checked="" type="radio"/>	N	A
	DECKER	<input checked="" type="radio"/>	N	A
	JAUCH	<input checked="" type="radio"/>	N	A
	MOORE	<input checked="" type="radio"/>	N	A
	SHIBILSKI	<input checked="" type="radio"/>	N	A
	PLACHE	<input checked="" type="radio"/>	N	A
	COWLES	<input checked="" type="radio"/>	N	A
	PANZER	<input checked="" type="radio"/>	N	A
2	GARD	<input checked="" type="radio"/>	N	A
	PORTER	<input checked="" type="radio"/>	N	A
	KAUFERT	<input checked="" type="radio"/>	N	A
	ALBERS	<input checked="" type="radio"/>	N	A
	DUFF	<input checked="" type="radio"/>	N	A
	WARD	<input checked="" type="radio"/>	N	A
	HUBER	<input checked="" type="radio"/>	N	A
	RILEY	<input checked="" type="radio"/>	N	A

AYE _____ NO _____ ABS _____

13.10 Meeting
Tuesday, December 21, 1999
Agenda Item XIX

Issue: Corrections—Release of Funds for Community Corrections Purchase of Services

Recommendation: Alternatives A2a, A2b, A3, B1

Comments: **Alternative A2a** approves the release of funding for halfway house and transitional living beds so 131 beds slated for discontinuation due to purchase of services reductions in the budget can continue to be used. With community corrections populations projected to continue rising throughout this biennium, maintenance of these resources is appropriate.

Alternative A2b approves the release of funds to fully fund urinalysis testing costs which is important because DOC must meet federal drug testing standards and reporting requirements in order to maintain eligibility for the Violent Offender Incarceration and Truth-in-Sentencing Incentive grants.

Alternative A3 defers action on releasing funds associated with Operation Fresh Start and additional AODA programming that are partially supported by a federal Byrne anti-drug grant through OJA. DOC is currently in the process of applying for the OJA grant but approval is uncertain. If the grant is received, DOC could be allowed to request release of the GPR funding under a 14-day passive review process.

Alternative B1 approves DOC's request to creat 5.0 PR urinalysis laboratory positions. This same request was rejected in June of this year.

****In a letter to the Secretary of DOA, you and Rep. Gard indicated that these positions are more appropriately provided by **GPR** positions since it was believed that the urinalysis testing services would be provided **only** for **GPR**-supported entities. The **current** request indicates that the urinalysis testing laboratory **also** would be providing testing services to **PR**-supported entities. Given this new information, funding the positions with PR seems appropriate.

Prepared by: Deb



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

December 21, 1999

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Corrections: Release of Funds for Community Corrections Purchase of Services --
Agenda Item XIX

The Department of Corrections requests the release of \$1,100,000 GPR in 1999-00 from the Joint Committee on Finance's supplemental appropriation under s. 20.865(4)(a) to supplement the Department's purchased services for offenders appropriation (s. 20.410(1)(d)). Corrections also requests that \$750,000 GPR be transferred from the services for community corrections appropriation (s. 20.410(1)(b)) in 2000-01 to the purchased services appropriation in 1999-00 to serve as part of a required match. The remainder of the match (\$350,000) would be provided from a grant through the Department of Administration's Office of Justice Assistance.

REQUEST

The Division of Community Corrections includes both probation and parole supervision and the intensive sanctions program. In 1999 Act 9 (the 1999-01 biennial budget), purchase of service funding associated with the intensive sanctions program was reduced by \$2,190,000 GPR annually based on fewer offenders being placed in the program. In order to maintain the level of purchase of services funding for community corrections, the Legislature, in Act 9, placed \$1.1 million GPR annually in the Joint Committee on Finance's supplemental appropriation for release to Corrections if equal matching funds could be identified.

On November 24, 1999, Corrections requested that the Committee release funding for 1999-00 and identified corresponding match funds. The request, including the corresponding matching funds, is detailed below.

<u>Proposed Expenditure</u>	<u>Total Funding</u>	<u>Release from JFC</u>	<u>Match</u>	<u>Match Source</u>
Halfway House and Transitional Living Beds	\$1,458,000	\$809,400	\$648,600	s. 20.410(1)(b)
Statewide Urinalysis Testing	228,000	126,600	101,400	s. 20.410(1)(b)
Operation Fresh Start	255,000	150,000	105,000	OJA Grant
Additional Alcohol and Other Drug Abuse Programming	<u>259,000</u>	<u>14,000</u>	<u>245,000</u>	OJA Grant
Total	\$2,200,000	\$1,100,000	\$1,100,000	

BACKGROUND

Purchase of services funding supports assessment and treatment services, employment services, day reporting centers, emergency housing, halfway houses, sex offender treatment, polygraph tests, temporary living placements, urinalysis testing and miscellaneous offender services in adult institutions, correctional centers, probation and parole, and intensive sanctions. Base level funding for purchase of services in 1998-99 was \$17,471,500 GPR. Under Act 9, total purchase of service funding for Corrections is \$14,962,900 GPR in 1999-00 and \$15,157,800 GPR in 2000-01. In 1998-99, probation and parole and the intensive sanctions program had a budget of \$15,869,600 GPR for purchase of services. This amount decreased to \$13,021,500 GPR in 1999-00 and \$13,131,400 GPR in 2000-01.

ANALYSIS

In reviewing the Department's request, both the match funding and the purpose for which funding is being requested need to be examined. The Department's proposed match is derived from two sources: (a) \$750,000 GPR from 2000-01 as a result of a delayed opening of the probation and parole hold/alcohol and other drug abuse (AODA) correctional facility in Milwaukee from January, 2001 to August, 2001; and (b) \$350,000 from a federal Byrne anti-drug grant through OJA. The Committee does not need to approve the use of the OJA grant.

Match Funding. Corrections' request would transfer \$750,000 GPR from appropriation s. 20.410(1)(b) in 2000-01 to appropriation s. 20.410(1)(d) in 1999-00. In 1999 Act 9, the probation and parole hold/AODA facility was funded at \$389,000 GPR and 13.0 GPR positions in 1999-00 and \$13,592,700 GPR and 270.36 GPR positions in 2000-01. According to the Department's program statement for the facility, the P&P Hold/AODA facility will house offenders who need to be detained because they have violated conditions of their supervision, offenders who are awaiting transport to begin serving a sentenced prison term and offenders receiving AODA programming. Initially, the facility was scheduled to open in January, 2001. However, as the result of the Building Commission's decision to add an additional two floors to the facility, the opening of the entire facility has been delayed until August, 2001. Given that the opening of the facility is expected to be

delayed, it appears that sufficient funds in this biennium would be available to serve as a match for the purchase of service funding request.

The remainder of the Department's required match for release of the purchase of services funding (\$350,000) would come from a federal Byrne anti-drug grant through OJA. Corrections indicates that this grant would be used to match funding for the Operation Fresh Start program and for additional AODA programming. Corrections is currently in the process of applying for the OJA grant. Grant applications are due by December 23, 1999. Therefore, it is not known when the grant will be approved by OJA. Given this uncertainty, the Committee may wish to defer action on releasing funds associated with projects partially supported by the OJA grant (\$150,000 GPR for Operation Fresh Start and \$14,000 GPR for additional AODA programming). Once the grant is been received, Corrections could be allowed to request release of the GPR funding under a 14-day passive review process.

Halfway House and Transitional Living Beds. Halfway house and transitional living beds are used by the Division of Community Corrections for offenders who need additional programming, structure or supervision before returning to the community. According to the Department, over 70% of Community Corrections' purchase of service funds are used for halfway house and transitional living beds. As a result of the purchase of services reductions made in Act 9, Corrections estimates that it would need to discontinue use of 131 beds during 1999-00. In addition, one of the Community Corrections regions has already discontinued use of eight transitional living beds. The Department estimates that with the release of \$809,400 GPR in 1999-00 from the Committee's appropriation and an additional \$648,600 GPR transferred from the P&P/Hold AODA facility, the Department would be able to continue to utilize these beds for the remainder of 1999-00. With community corrections populations projected to continue rising throughout this biennium, maintenance of these resources may be considered appropriate.

Statewide Urinalysis Testing. On June 18, 1999, the Department of Administration recommended that 5.0 PR permanent positions be created in the Department of Corrections for a urinalysis testing laboratory at the Drug Abuse Correctional Center (DACC). These positions would have been supported at least partially by purchase of service funds. This request was not approved. Instead, in a letter to the Secretary of the Department of Administration on July 8, 1999, the Co-Chairs stated:

"While in the past urinalysis testing services have been purchased from private laboratories and are currently being provided by the Department using limited-term employees, the request before the Committee would use GPR purchase of services and operational funds to support permanent program revenue positions. The Committee acknowledges the importance of the urinalysis testing laboratory, but believes that these services are more appropriately provided by GPR positions. Therefore, the request for 5.0 PR permanent positions is modified to approve 5.0 PR project positions for urinalysis testing for the next six months. In addition, the Committee recommends that Corrections submit a request at the December, 1999, s.

13.10 meeting to create the necessary permanent GPR positions for the urinalysis testing laboratory and to transfer funding from within the Department to support the new positions."

On December 8, 1999, DOA resubmitted the request to create 5.0 PR permanent positions for the urinalysis testing laboratory (3.0 chemical laboratory technicians, 1.0 program assistant and 1.0 financial specialist). According to DOA and Corrections, the six-month project positions remained unfilled "because of the difficulty in finding qualified candidates for such short-term positions without the guarantee of permanent employment." In its request, Corrections notes that program revenue positions are requested instead of GPR positions because: (a) urinalysis services are provided to not only the GPR-funded Divisions of Community Corrections and Adult Institutions, but also the program revenue-funded Division of Juvenile Corrections and to the Department of Health and Family Services (DHFS); (b) Corrections believes that PR-funded activities will encourage the Divisions to recognize fiscal constraints when requesting urinalysis testing; and (c) a PR charge-back structure will allow Corrections more flexibility in managing the urinalysis laboratory based on expanding or declining utilization.

Corrections' s. 13.10 request for purchase of services funding requests that \$126,600 GPR in 1999-00 be released from the Committee's appropriation to be matched by \$101,400 GPR transferred from the P&P Hold/AODA facility to fully fund urinalysis testing costs. Corrections indicates that urinalysis testing will cost \$517,000 in 1999-00. The Department states that: "Full funding of urinalysis tests is important because DOC must meet federal drug testing standards and reporting requirements in order to maintain eligibility for the Violent Offender Incarceration and Truth-in-Sentencing Incentive grants (VOITIS). Reporting requirements include timely data on the amount, type and outcome of the drug tests conducted. Urinalysis tests are also important so that offenders are accountable to terms of probation or parole."

The Committee's action on July 8, 1999, indicated support for 5.0 positions for the urinalysis laboratory. Given that the Committee has previously indicated that the urinalysis laboratory positions should be GPR-funded, the Committee could create 5.0 GPR positions in appropriation s. 20.410(1)(b) and transfer \$77,600 GPR in 1999-00 and \$155,100 GPR in 2000-01 from appropriation s. 20.410(1)(d) to support the position costs. All other urinalysis costs, including urinalysis test kit costs, could be funded from purchased services funds or from program revenue, depending on the entity requesting the test. Alternatively, the Department's s. 16.505 request for 5.0 PR positions currently before the Committee could be approved. When originally before the Committee in June, 1999, there was no indication that urinalysis testing services would also be provided for non-GPR supported entities. The December 8, 1999, request now before the Committee indicates that the urinalysis testing laboratory also would be providing testing services to Juvenile Corrections and DHFS. Since these entities are PR-funded, Corrections argues that GPR funds should not be used for the urinalysis laboratory, but rather the laboratory should charge-back each entity based on the number of tests provided.

Operation Fresh Start. The Department requests that \$150,000 GPR in 1999-00 be released to support Corrections' costs associated with Operation Fresh Start. [The Committee should note that funding for the entire Operation Fresh Start is addressed in a separate s. 13.10 paper under Agenda Item XVI.] These funds would be matched with \$105,000 PR from a grant from OJA. Operation Fresh Start is a multi-agency initiative aimed at increasing the self-esteem and self-sufficiency of people between 16 and 24 years of age who have AODA problems, poor health and nutrition, low educational achievement, poor employment history, physical, sexual or emotional abuse, or criminal histories. The program contains: (a) an educational component in which participants complete work toward a high school degree or equivalent; and (b) a vocational component in which participants learn basic home construction, rehabilitation and remodeling. For 1999-00, Corrections has pledged to support 21 slots in the program statewide (three slots each in seven locations) at a cost of \$10,000 per slot.

As indicated earlier, questions could be raised regarding the OJA match component of this request. In addition, the Department's total pledge to the program (\$255,000) is \$45,000 more than is necessary to support 21 program slots. The Department of Administration's request related to Operation Fresh Start indicates that this funding may be used in the future for additional grantees. It could be argued, therefore, that the Department's request could be reduced by \$45,000 GPR and this funding placed with any other reserved funds for Operation Fresh Start. If additional Operation Fresh Start slots are created in the future, Corrections could seek release of these funds without the dollar-for-dollar match requirement.

Alcohol and Other Drug Abuse Programming. Finally, the Department seeks the release of \$14,000 GPR in 1999-00 to be matched with \$245,000 in funding from an OJA grant to increase the number of community corrections offenders receiving AODA treatment. Corrections indicates that as of March, 1999, there were 732 community corrections offenders on AODA waiting lists.

ALTERNATIVES

A. Purchased Services Funding

1. Approve the Department of Corrections' request to: (a) release \$1,100,000 GPR in 1999-00 from the Joint Committee on Finance's supplemental appropriation under s. 20.865(4)(a) to supplement the Department's purchased services for offenders appropriation (s. 20.410(1)(d)); and (b) transfer \$750,000 GPR from the 2000-01 services for community corrections appropriation (s. 20.410(1)(b)) associated with the probation and parole hold/alcohol and other drug abuse correctional facility to the purchased services appropriation (s. 20.410(1)(d)) in 1999-00 to serve as part of a required match. [The remainder of the match (\$350,000) would be provided from a grant through the Department of Administration's Office of Justice Assistance which the Committee does not need to approve.]

2. Approve release of funding for purchase of services for any of the following items along with the any corresponding matching funding:

a. *Halfway House and Transitional Living Beds.* Release of \$809,400 GPR in 1999-00 from the from the Joint Committee on Finance's supplemental appropriation under s. 20.865(4)(a) to supplement the Department's purchased services for offenders appropriation (s. 20.410(1)(d)) and transfer \$648,600 GPR from the 2000-01 services for community corrections appropriation (s. 20.410(1)(b)) associated with the probation and parole hold/alcohol and other drug abuse correctional facility to the purchased services appropriation (s. 20.410(1)(d)) in 1999-00 to serve as a required match.

b. *Statewide Urinalysis Testing.* Release of \$126,600 GPR in 1999-00 from the Joint Committee on Finance's supplemental appropriation under s. 20.865(4)(a) to supplement the Department's purchased services for offenders appropriation (s. 20.410(1)(d)) and transfer \$101,400 GPR from the 2000-01 services for community corrections appropriation (s. 20.410(1)(b)) associated with the probation and parole hold/alcohol and other drug abuse correctional facility to the purchased services appropriation (s. 20.410(1)(d)) in 1999-00 to serve as a required match.

c. *Operation Fresh Start.* Release of \$150,000 GPR in 1999-00 from the from the Joint Committee on Finance's supplemental appropriation under s. 20.865(4)(a) to supplement the Department's purchased services for offenders appropriation (s. 20.410(1)(d)) for Operation Fresh Start. The remaining matching funds (\$105,000 PR) would be provided through an Office of Justice Assistance grant.

d. *Additional Alcohol and Other Drug Abuse Programming.* Release of \$14,000 GPR in 1999-00 from the from the Joint Committee on Finance's supplemental appropriation under s. 20.865(4)(a) to supplement the Department's purchased services for offenders appropriation (s. 20.410(1)(d)). The remaining matching funds (\$245,000 PR) would be provided through an Office of Justice Assistance grant.

3. Defer action on releasing funding for purchase of services projects matched with grant funds provided through the Office of Justice Assistance (\$150,000 GPR for Operation Fresh Start and \$14,000 GPR for additional AODA programming). Specify that once the OJA grant has been received by Corrections, the Department may request release of the funding under a 14-day passive review process. This alternative may be adopted in lieu of Alternatives A2c and A2d.

4. Release \$105,000 GPR in 1999-00 from the Joint Committee on Finance's supplemental appropriation under s. 20.865(4)(a) to supplement the Department's purchased services for offenders appropriation (s. 20.410(1)(d)) for Operation Fresh Start. Place \$45,000 GPR in 1999-00 with any other reserved funds for Operation Fresh Start. If additional Operation Fresh Start slots are created in the future, Corrections may seek release of these funds without the dollar-for-dollar match requirement. This alternative may be adopted in lieu of Alternative A2c.

5. Deny the Department's request.

B. Urinalysis Laboratory Positions

1. Approve Corrections' s. 16.505 request to create 5.0 PR positions in appropriation s. 20.410(1)(kx) (interagency and intra-agency programs) for the urinalysis testing laboratory.

2. Create 5.0 GPR positions in appropriation s. 20.410(1)(b) for the urinalysis testing laboratory. Transfer \$77,600 GPR in 1999-00 and \$155,100 GPR in 2000-01 from appropriation s. 20.410(1)(d) to appropriation s. 20.410(1)(b) to support the cost of the positions.

Prepared by: Jere Bauer

MO# A-2a,b,c,d

BURKE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
2 GARD	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

AYE 16 NO 0 ABS _____

MO# B-1

BURKE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
2 GARD	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

AYE 10 NO 0 ABS _____

PURCHASED SERVICES

Halfway House and Transitional Living Beds
(Agenda Item XIX)

Motion:

Move to require Corrections to continue to support the same number of halfway house and transitional living beds in 2000-01 as the Department currently supports.

Note:

In 1999-00, the Department of Corrections supports 444 halfway house beds and 244 transitional living beds. Halfway houses are community-based facilities which house a relatively small number of community corrections offenders who require some type of supervised living arrangement and programming. Transitional living beds are short-term (up to 90-days) living arrangements for newly released community corrections offenders that provide no specific treatment for offenders, but which are staffed by providers who make unannounced visits to monitor behavior.

This motion would require Corrections to maintain the same number of halfway house and transitional living beds in 2000-01, as the Department is currently supporting in 1999-00.

	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A
	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
MO#	BURKE	DECKER	JAUCH	MOORE	SHIBILSKI	PLACHE	COWLES	PANZER		GARD	PORTER	KAUFERT	ALBERS	DUFF	WARD	HUBER	RILEY

AYE 8 NO 8 ABS

13.10 Meeting
Tuesday, December 21, 1999
Agenda Item XX

Issue: Corrections—Request for the Conversion of Juvenile Boot Camp Positions from Program Revenue Funding to General Purpose Revenue Funding

Recommendation: Alternatives 2

Comments: Approves the conversion of 4.0 juvenile boot camp positions from GPR to PR.

In the 1999-01 budget, the daily rate charged for the care of juveniles in secured correctional facilities was reduced by using GPR, rather than PR, to partially fund the operation of the juvenile boot camp. Through an oversight, no position transfer was made to reflect the partial transfer.

While DOC requests converting 10.0 positions from GPR to PR, it may be argued that the number of GPR positions converted from PR positions authority should be as minimal as possible since the growth of state government is often measured by the number of GPR positions.

In order for the total amount of GPR funding to be fully expended in both fiscal years, at least 4.0 PR positions would need to be converted and a greater share of non-personnel boot camp costs could be funded with GPR.

**** *Alternative 1 is okay.*

Prepared by: Deb



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

December 21, 1999

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Corrections: Section 13.10 Request for the Conversion of Juvenile Boot Camp Positions from Program Revenue Funding to General Purpose Revenue Funding -- Agenda Item XX

The Department requests the conversion of 10.0 PR juvenile boot camp positions funded from the appropriation for juvenile correctional services under s. 20.410(3)(hm) to GPR positions funded from the appropriation under s. 20.410(3)(bb) for the juvenile boot camp program.

BACKGROUND

The Department of Corrections operates a Youth Leadership Training Center, more commonly referred to as the juvenile boot camp program, for juveniles placed at secured correctional facilities. The boot camp is located at Camp Douglas in Juneau County. The boot camp has a capacity of 48 juveniles and the average daily population (ADP) in 1998-99 was 38 juveniles. The program provides military academy-style training over 16 weeks with components on military drill and ceremonies, education, vocational training, treatment, adventure activities and community services. Following this phase, a 20-week aftercare component is provided in partnership with community mentoring agencies.

The adjusted base budget for the program in 1998-99 was \$3,022,000 PR with 55.0 PR positions. Under 1999 Act 9, the 1999-01 biennial budget act, the juvenile boot camp is provided \$2,782,700 (\$844,400 GPR and \$1,938,300 PR) in 1999-00 and \$2,781,200 (\$712,800 GPR and \$2,068,400 PR) in 2000-01, with 52.0 PR positions.

Under Act 9, the GPR appropriation (\$844,400 GPR in 1999-00 and \$712,800 GPR in 2000-01) was created to partially fund the operation of the juvenile boot camp. Identical amounts were deleted from the program revenue appropriation. While total boot camp funding remains unchanged, the partial GPR funding reduces program revenue costs for the operation of secured juvenile correction facilities. Since the program revenue budget is used to calculate the daily rate charged for the care of juveniles in secured correctional facilities, the partial GPR funding of the boot camp results in a decrease in the daily rate of approximately \$2. This was one of several provisions enacted by the Legislature in Act 9 to reduce the daily rates charged for the care of juveniles in secured correctional facilities.

Through an oversight, no position transfer was made in Act 9 to reflect the partial transfer of boot camp funding from PR to GPR.

ANALYSIS

Under the provisions of Act 9, \$844,400 GPR in 1999-00 and \$712,800 GPR in 2000-01 was provided for boot camp operations, but no GPR positions were provided. As a result, Corrections does not have the authority to expend the GPR funding on salaries or fringe benefits.

Non-personnel boot camp costs (including supplies and services, food, variable non-food, internal services and rent costs) may be paid for from the GPR appropriation; however, these costs are not large enough to fully utilize the GPR funding provided. Under Act 9, the non-personnel costs authorized for the boot camp total \$615,100 in 1999-00 and \$624,200 in 2000-01. These totals are \$229,300 in 1999-00 and \$88,600 in 2000-01 less than the GPR expenditure authority provided. The transfer of some level of position authority from the PR to the GPR appropriation is necessary to fully expend the GPR funding provided under Act 9.

The Department's request is to transfer 10.0 PR positions to the GPR appropriation. The transferred positions would include:

<u>Classification</u>	<u>FTE</u>
Assistant institution unit supervisor	4.0
Corrections unit supervisor	1.0
Superintendent	1.0
Supervising youth counselor	3.0
Teacher supervisor	<u>1.0</u>
Total	10.0

Based on these 10.0 positions and salary and fringe benefit projections associated with the positions, the estimated budget for the boot camp GPR appropriation, if the s. 13.10 request is approved, would be as follows:

<u>Expense</u>	<u>1999-00</u>	<u>2000-01</u>
Salaries	\$390,300	\$401,700
Fringe Benefits	147,400	151,700
Non-Personnel Costs	<u>306,700</u>	<u>159,400</u>
Total	\$844,400	\$712,800

The \$844,400 GPR in 1999-00 and \$712,800 GPR in 2000-01 represents about 30% in 1999-00 and 26% in 2000-01 of total boot camp funding. If a proportionate share of the total boot camp position authority (52.0 positions) would be converted to GPR funding, the Department could have requested the conversion of 12.0 PR positions annually to GPR funding. From this perspective, the conversion of 10.0 positions to GPR funding may be viewed as reasonable given the proportion of GPR funding provided for the boot camp in Act 9.

Alternatively, it may be argued that the number of GPR positions converted from PR position authority should be as minimal as possible. This could be accomplished by funding a greater share of non-personnel boot camp costs with GPR funding and transferring fewer PR positions to GPR funding. In order for the total amount of GPR funding to be fully expended in both fiscal years, at least 4.0 PR positions would need to be converted to GPR funding. Under this alternative, 1.0 assistant institution unit supervisor, the corrections unit supervisor, the superintendent and the teacher supervisor would be converted from PR to GPR positions. This would result in the following estimated budget for the boot camp GPR appropriation.

<u>Expense</u>	<u>1999-00</u>	<u>2000-01</u>
Salaries	\$176,300	\$181,400
Fringe Benefits	66,600	68,500
Non-Personnel Costs	<u>601,500</u>	<u>462,900</u>
Total	\$844,400	\$712,800

ALTERNATIVES

1. Approve the request to convert 10.0 PR juvenile boot camp positions funded from the appropriation for juvenile correctional services under s. 20.410(3)(hm) to GPR positions funded from the appropriation under s. 20.410(3)(bb) for the juvenile boot camp program.
2. Approve the conversion of 4.0 PR juvenile boot camp positions funded from the appropriation for juvenile correctional services under s. 20.410(3)(hm) to GPR positions funded from the appropriation under s. 20.410(3)(bb) for the juvenile boot camp program.

Prepared by: Art Zimmerman

MO# 112

1 BURKE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
2 GARD	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

AYE 16 NO 0 ABS 0

13.10 Meeting
Tuesday, December 21, 1999
Agenda Item XXI

Issue: Corrections—Out-of-State Prison Contract Beds and Associated Staffing

Recommendation: Alternative A2(a-d), A3, B2, B3, B4, C1, D2

Comments: **Alternative A2(a-d)** approves the proposed contracts with the Corrections Corporation of America and McCloud Correctional Services for housing inmates in out-of-state contract beds while incorporating changes recommended by Fiscal Bureau.

Alternative A3 directs DOC to provide notice to Texas that WI will be canceling its contract with Texas counties as of June 30, 2000.

Alternative B2 releases the funding for increased contract bed costs, but reduces the requested amount to reflect a more realistic date for the startup of the new contracts.

Alternative B3 withholds the release of funding associated with the Tutwiler, Mississippi facility until Corrections has had a chance to fully assess the facility which is currently under construction.

Alternative B4 releases funding to support the cost of 250 beds at the CCA's Sayre, Oklahoma facility authorized by JFC at the September, 1999, s. 13.10 meeting.

Alternative C1 approves the release of funding for 9.2 GPR positions for contract monitoring and televisiting. This funding seems appropriate given the questions raised about the treatment of prisoners at CCA facilities and the concerns expressed by family members when loved ones are relocated to out-of-state facilities.

Alternative D2 denies DOC's request for release of funding for officer overtime pay to meet institutional crowding issues. This request is premature since Corrections may be able to manage these costs in the remaining 6 months of the fiscal year.

***** Approving out-of-state prison contracts with CCA and McCloud seems appropriate given the prison overcrowding problem, the uncertain future of Stanley, and the stand-off on approval of the criminal penalties study committee's recommendations.

In the past, you have voted against approval of additional out-of-state prison beds. When the state started sending inmates to out-of-state facilities, it was viewed as a stopgap measure until the prison congestion problem could be solved. This now appears to be the state's primary policy for addressing the problem. Other alternatives need to be explored.

Prepared by: Deb



Legislative Fiscal Bureau

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December 21, 1999

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Corrections: Out-of-State Prison Contract Beds and Associated Staffing -- Agenda Item XXI

On November 24, 1999, the Department of Corrections requested: (a) approval of an additional 1,893 out-of-state prison beds for male inmates with the Corrections Corporation of America (CCA); (b) approval of a master contract with CCA; (c) approval of a new 127-bed out-of-state contract for female inmates with the McCloud Correctional Services; (d) approval of the placement of an additional 40 female inmates at the federal prison in Alderson, West Virginia; (e) the release of \$8,788,600 GPR in 1999-00 and \$25,252,400 GPR in 2000-01 from the Joint Committee on Finance's supplemental appropriation (s. 20.865(4)(a)) to Corrections' prison contracts appropriation (s. 20.410(1)(ab)) for increased contract bed costs; and (f) the release of \$1,176,600 GPR in 1999-00 and \$493,300 GPR in 2000-01 from the Joint Committee on Finance's supplemental appropriation (s. 20.865(4)(a)) to Corrections' general program operations appropriation (s. 20.410(1)(a)) to support an additional 9.2 GPR positions and to pay for costs incurred in 1999-00 associated with prison crowding.

On December 9, 1999, Corrections submitted a revised request to account for "underestimated costs associated with out-of-state beds." As a result, Corrections is requesting: (a) approval of an additional 1,893 out-of-state prison beds for male inmates with the Corrections Corporation of America (CCA); (b) approval of a master contract with CCA; (c) approval of a new 127-bed out-of-state contract for female inmates with the McCloud Correctional Services; (d) approval of the placement of an additional 40 female inmates at the federal prison in Alderson, West Virginia; (e) the release of \$9,613,500 GPR in 1999-00 and \$26,851,500 GPR in 2000-01 from the Joint Committee on Finance's supplemental appropriation (s. 20.865(4)(a)) to Corrections' prison contracts appropriation (s. 20.410(1)(ab)) for increased contract bed costs; and (f) the release of \$1,176,600 GPR in 1999-00 and \$493,300 GPR in 2000-01 from the Joint Committee on

Finance's supplemental appropriation (s. 20.865(4)(a)) to Corrections' general program operations appropriation (s. 20.410(1)(a)) to support an additional 9.2 GPR positions and to pay for costs incurred in 1999-00 associated with prison crowding. This analysis addresses the Department's December 9, 1999, request.

BACKGROUND

The Joint Committee on Finance is required, under s. 302.26 of the statutes, to approve any contract to transfer 10 or more inmates in any fiscal year to any public or private prison facility in another state. Since September, 1996, Corrections has been authorized to contract for beds at facilities outside of Wisconsin. In addition, Corrections also has a longstanding agreement with the federal government which allows for the placement of Wisconsin inmates in federal correctional facilities. Further, the Department contracts for beds in jails with Wisconsin counties and with the Prairie du Chien juvenile correctional facility. The following table indicates the number of currently authorized beds and the number of inmates in those facilities as of December 3, 1999. Since Committee approval of in-state contracts is not required, the number of inmates in Wisconsin facilities is equal to the authorized beds.

**Contract Prison Beds
Total Authorized and Current Population
December 3, 1999**

<u>Contract Site</u>	<u>Authorized Beds</u>	<u>Current Population</u>
Corrections Corporation of America		
Tennessee	1,500	1,509
Oklahoma	1,440	1,447
Federal Bureau of Prisons		
Duluth, Minnesota	354	345
Alderson, West Virginia (Females)	160	160
Texas Counties	<u>653</u>	<u>653</u>
Out-of-State Total	4,107	4,114
Federal Bureau of Prisons, Oxford, WI	50	17
Wisconsin Counties		
Male	187	187
Females	62	62
Prairie du Chien Correctional Facility	<u>302</u>	<u>302</u>
In-State Total	601	568
Total Contracted Prison Beds	4,708	4,682

It should be noted that at the December, 1998, s. 13.10 meeting, the Committee authorized

Corrections to modify the number of authorized inmates at currently approved sites as long as the number of out-of-state beds does not exceed the total number of beds approved by the Committee and with the requirement that Corrections report any modifications to the site-specific caps to the Committee within five working days. Corrections has utilized this authority on the following occasions:

a. On February 23, 1999, Corrections informed the Committee that it would increase the number of male inmates placed in Texas counties by 40 to 740, and reduce the number of beds for women at the federal facility in Alderson, West Virginia, by 40 to 160 beds.

b. On August 2, 1999, Corrections informed the Committee that it would decrease the number of inmates placed in Texas counties whenever feasible over the next year and begin to place an equivalent number of inmates in CCA facilities. No specific number of beds was provided.

c. On August 4, 1999, Corrections informed the Committee that it would increase the number of inmates placed in CCA's Oklahoma facility by 46 to 1,103, and reduce the number of beds at the federal facility in Duluth, Minnesota, by 46 to 354 beds.

The 1999-01 biennial budget (1999 Act 9) includes increased funding (\$12.9 million GPR in 1999-00 and \$43.0 million GPR in 2000-01) to support an average daily population (ADP) of 781 offenders in contract beds in 1999-00 and 2,616 beds in 2000-01 at undetermined locations. Since out-of-state prison contracts must be approved by Committee, the increased funding was placed in the Joint Committee on Finance's supplemental appropriation for future release to Corrections. Under Act 9, contract beds are used to address any increase in inmate populations during the biennium, while keeping current and future state institutions at a total of approximately 131% of operating capacity.

CONTRACT SUMMARY AND ANALYSIS

The contracts between Corrections and CCA and McLoud are divided into six sections (articles) with an introductory clause. In addition, items contained in the request for proposals (RFP) that Corrections issued associated with the purchase of contract beds are included in the contracts by reference. Copies of the contracts and the RFP are available in the offices of the Co-chairs of the Joint Committee on Finance and in the office of the Legislative Fiscal Bureau.

The contracts with CCA and McLoud are virtually identical. The following is a section-by-section summary and analysis of the contracts and RFP.

Contract Introduction. The purpose of the contracts is stated: to provide housing and care for Wisconsin inmates. The contracts are currently undated and will be signed subsequent to approval from the Joint Committee on Finance.

Article 1 -- Definitions. This article defines the terms of the contract. The terms include: (a) American Correctional Association (ACA); (b) ACA standards; (c) contract administrator; (d) facilities; (e) inmate; (f) manday; (g) service commencement date; (h) state; (i) unforeseen circumstances; and (j) serious medical condition.

The facilities identified in the CCA contract are: (a) Hardeman Correctional Facility and the Whiteville Correctional Facility in Whiteville, Tennessee (approximately 45 miles east of Memphis); (b) the Tallahatchie Correctional Facility in Tutwiler, Mississippi (approximately 75 miles south southwest of Memphis); (c) West Tennessee Detention Facility in Mason, Tennessee (approximately 30 northeast of Memphis); (d) North Fork Correctional Facility in Sayre, Oklahoma (120 miles west of Oklahoma City); and (e) the Prairie Correctional Facility in Appleton, Minnesota (120 miles west northwest of Minneapolis). The Committee has previously approved the utilization of the Whiteville and Hardeman facilities in Tennessee and the North Fork facility in Oklahoma. The facility referenced in the McLoud contract is the Central Oklahoma Correctional Facility in McLoud, Oklahoma (approximately 25 miles east of Oklahoma City).

Article 1 of the contracts is similar to the previously approved CCA contract, except that additional facilities have been included and a definition of serious medical condition has been created. Under the previous contract with CCA, it was stated that Corrections would not transfer any inmate with a known serious on-going medical condition. The proposed contracts define "serious medical condition" as "inmates needing regular, reoccurring, off-site specialty referrals for medical concerns. The Department will not transfer inmates to the Facilities who meet this definition." The inclusion of a substantive provision of the contract (Corrections will not transfer inmates to the Facilities who have serious medical conditions) in the definition section is inconsistent with the structure of the contract. The Committee may wish to direct the Department to place the term of the contract in Article 3 (Inmates).

Article 2 -- Term of the Contract. The contract is effective for one year from the date both parties sign and may be renewed for two, one-year terms by mutual consent of Corrections and CCA or McLoud. Corrections may cancel the contract, in whole or in part, without penalty if funding is not appropriated or if CCA or McLoud fail to comply with the contract.

In article 6.3 of the contract, it is reiterated that the contract may not be altered except by mutual constant of all appropriate parties. Even if Corrections and CCA or McLoud mutually agree, however, statutes require that the Committee approve any modification of the terms of the contract at a s. 13.10 meeting. This approval includes not only substantive changes, but also the correction of typographical errors or other minor modifications. The Committee should note, though, that because the contract currently before the Committee allows for two, one-year extensions, extending the contract under the same terms would not require future Committee action.

Article 2 of the contract is similar to the previously approved CCA contract, except that a provision specifying that the contract may be canceled by either party, with or without cause, without penalty with sixty days notice has been removed. Instead, the RFP contains a section on termination (3.8) which specifies that Corrections may terminate a contract upon 60 days notice and

provides specific penalties if the termination is as a result of a contractor's failure to perform in accordance with the contractor's proposal document. Under the RFP, a contractor will be held liable for all increased costs incurred as a result of the termination and the costs of relocating inmates, including transportation, increased housing costs, and any other costs associated with termination of the contract.

Article 3 -- Inmates. Under the CCA contract, the company will house up to 4,833 male inmates from Wisconsin in its six facilities identified in Article 1 at a rate of \$42 per day per inmate. The McLoud contract specifies that up to 127 female inmates may be placed in the facility at a rate of \$50 per day, per inmate. If the contract with McLoud is renewed for a second year, the rate would increase to \$51 per day and, if renewed for a third year, to \$52 per day. As a result of the CCA contract, an additional 1,893 inmates could be placed with the company. The daily rate charged by CCA under the contract maintains the current \$42 per day rate.

As a result of the proposed contracts and Corrections' indication that beds authorized in Texas will no longer be utilized, the total number of authorized out-of-state prison beds would increase from 4,107 to 5,514. Beds would be in the following locations.

<u>Contract Site</u>	<u>Authorized Beds</u>
Corrections Corporation of America	
Tennessee	
Whiteville	1,500
Mason	369
Minnesota	
Appleton	500
Oklahoma	
Sayre	1,440
Mississippi	
Tutwiler	<u>1,024</u>
Total	4,833
McLoud Correctional Services	
Oklahoma	
McLoud (Females)	127
Federal Bureau of Prisons	
Duluth, Minnesota	354
Alderson, West Virginia (Females)	<u>200</u>
Total	554
Out-of-State Total	5,514

Given that Corrections has indicated that the contract with the Texas counties will not be used after June, 2000, and in order to ensure that the total number of out-of-state beds authorized by Committee is clear, Corrections could be directed to provide the appropriate notice to the Texas

county contract administrator that the State of Wisconsin will cancel its contract with the Texas counties as of June 30, 2000. Corrections could be required to notify the Committee of its action in this matter.

Both contracts specify that the "Contractor may transfer any of the inmates between facilities, under contract, with the Department's prior approval." However, given that the McLoud contract includes only one facility, this provision could be removed from that contract.

In the previously approved CCA contracts, Article 3 also included provisions which specified that CCA would provide confinement, care, treatment and rehabilitation. These services were further detailed in Article 4 of the previous contract. Article 3 of the previous contract also addressed the transportation of inmates, the application process, use of Wisconsin's inmate classification system, inmate commissary accounts, removal of an inmate from the CCA facilities, retaking of inmates, death of an inmate and inmate property. These provisions, as well as Article 5 (scope of services) and Article 6 (indemnification, insurance and defense claims) of the previous contract are not part of the proposed contracts, but rather are incorporated in the RFP which is considered part of the contracts.

Article 4 -- Employees. The contracts specify that CCA and McLoud are independent contractors and, as such, are not considered an agent of the state. Likewise, state employees are not considered agents of CCA or McLoud. In a U.S. Supreme Court case (Richardson and Walker v. McKnight), it was held that prison guards in a private contract facility are not entitled to qualified immunity from a law suit because of the fact that they are guarding state prisoners. Provisions of the contracts appear to conform with this ruling by specifically stating that agents of CCA and McLoud are not state employees. Article 4 of the proposed contracts is identical to Article 7 of the previously approved CCA contract.

Article 5 -- Contract Compliance. Article 5 addresses breach of contract issues for both parties to the contract and each individually. The contract indicates that a breach has occurred if either party: (a) fails to perform in accordance with the contract; (b) partially performs any term or provision of the contract; or (c) performs any act prohibited or restricted by the contract.

CCA and McLoud are deemed to be in breach of the contract if any of the following occurs: (a) failure to completely and timely perform any term or provision of the contract; or (b) performance or occurrence of any act or condition prohibited or restricted by the contract. In the event of a CCA or McLoud breach, the Department may exercise any of the following remedies: (a) seek actual damages and any other remedy available at law or equity; and/or (b) partially withhold the Department's performance under the contract; and/or (c) terminate the contract.

Corrections is deemed in breach of contract if CCA or McLoud is unable to perform its obligations under the contract because of the persistent or repeated failure or refusal by the Department to substantially fulfill any of its obligations, unless justified by *force majeure* (acts beyond either party's control), waived by CCA or McLoud or excused by CCA or McLoud default. In the event of a breach by the Department, CCA or McLoud is required to notify the Department

in writing within 30 days after it becomes aware of the breach. The Department is then allowed a 45-day period in which to effect a cure or in which to take reasonable steps to effect a cure. If any cure is commenced within the time permitted that will take more than the time allotted, the Department is allowed the additional time as mutually agreed to by the parties. In no event, however, does a breach on the part of the Department excuse CCA or McLoud from full performance under the contract.

The provisions of Article 5 of the proposed contract are identical to those of Article 8 of the previously approved CCA contract. Two points should be noted, however, regarding this section. First, the section contains some typographical errors which should be corrected. Second, section 5.0.7 of the contract, which addresses the 45-day time period in which Corrections may effect a cure for any breach, does not specify when the time period begins. If the Committee wishes, Corrections could be directed to amend the contracts to specify that the 45-day period begins at the end of the 30-day notification period.

Article 6 -- Miscellaneous. The final article of the contracts addresses the following miscellaneous contract provisions: (a) invalidity and severability of the contract (the contract is severable); (b) venue (the contract will be interpreted under Wisconsin law); (c) release of the Department from further obligation once the contract is concluded; (d) the amendment of the contract by mutual consent; (e) the contract incorporates Corrections' August 6, 1999, request for proposals (RFP), CCA's and McLoud's September 2, 1999, responses and all written exchanges between CCA or McLoud and Corrections; (f) *force majeure* (acts of God); (g) prohibition on third party beneficiaries; (h) specification that any successor to the contract is bound by the contract; (i) specification that the contract does not affect the internal relations of either of the parties; (j) the names of the contact persons in Corrections and at CCA or McLoud; (k) specification that the contract does not supersede the lawful powers or duties of either party; and (l) judicial actions (all judicial actions regarding the contract will be held in Dane County circuit court; CCA and McLoud waive the right to a jury trial in connection with any actions arising from contract disputes; and Corrections will receive copies of all civil and criminal pleadings by inmates that CCA or McLoud determines are not frivolous). The provisions of Article 6 are identical to those of Article 9 in the previously approved CCA contract.

Article 6.4 of the contract indicates that the RFP Corrections used to procure correctional contract beds (#C-519) is considered part of the contract. As indicated earlier, portions of the previously approved CCA contract were removed from the proposed contracts and incorporated into the RFP. Corrections moved these provisions to the RFP so that all potential bidders would be aware of Corrections' requirements in advance, rather than during contract negotiation. While the Committee may amend portions of the contract, provisions of the RFP are not amendable.

The RFP contains the following sections: (a) sections 1 and 2 provide general information regarding the proposal and how to prepare and submit a proposal; (b) section 3 identifies the evaluation, selection and award process, and includes sections on the termination of the contract and liquidated damages; (c) section 4 identifies the requirements of proposals including video

conferencing and inmate phone services; (d) section 5 identifies technical requirements of the proposal, including all the items which were included in Articles 3, 4, 5 and 6 of the previous CCA contract; (e) section 6 indicates the requirements associated with the cost proposal; and (f) the attachments to the RFP provide detailed information regarding Corrections' policies and procedures with which bidders are expected to comply. Changes to the current CCA contract which are incorporated in the proposed CCA and McLoud contracts through the RFP include:

a. If either CCA or McLoud commits a breach of the contract, Corrections will be able to collect damages (liquidated damages) on a per day basis, based on a formula which assesses the relative severity of the breach. These amounts will be withheld from Corrections' payment to the contractor if the contractor does not rectify the cause of the breach. The liquidated damages are in addition to any amounts the contractor may owe Corrections as part of the agreement.

b. If inmate property is damaged during transportation, the contractor is required to compensate the inmate based on Corrections' standard repayments.

c. Minimum technical standards are established for video conferencing and visiting. These standards are intended to provide a uniform format for video communications between Corrections and its contractors.

d. Inmate telephone services at contracted facilities are specified to require collect calls billed to third parties at a rate no greater than those paid by called parties accepting intra-LATA calls originating from Wisconsin prisons. The RFP indicates that the maximum charges are a call set up fee of \$3 and a per minute rate of \$0.35.

e. Inmates classified as minimum security may be held and placed in contracted facilities. Under the previous CCA contract, only inmates classified as medium or maximum security could be placed in contracted facilities. Corrections indicates that while minimum-security inmates may be placed in contracted institutions under the proposed contracts, there is no intention to do so. Rather, allowing minimum-security inmates to be placed in contracted facilities would provide Corrections with flexibility in scheduling transportation back to Wisconsin if an inmate is reclassified to minimum-security custody while in a contracted facility.

f. Contractors are required to provide residential alcohol and other drug abuse treatment for inmates. Residential programs are intensive programs targeted to offenders with specific educational, medical or mental health needs. The previous CCA contracts only specified that the contractor provide AODA treatment without specifying the type of program.

g. With regard to medical records, the RFP requires contractors to keep such records confidential as required under Wisconsin law. Further, the RFP specifies that: (1) inmates may request release of medical records as under Wisconsin law; (2) inmates will sign a confidential release of information form; (3) inmates do not need to sign a release form if going to a medical

provider as directed by the contractor's health care staff; and (4) inmates who review their medical records will do so in the presence of the proper health care staff.

h. Inmates in contracted facilities are required to pay a medical co-pay, as are inmates held in Wisconsin facilities. Under current law, Corrections is required to collect not less than \$2.50 for each inmate-requested medical, dental or nursing service received. The RFP indicates that the co-pay will be credited to Corrections, less the contractor's administrative costs.

i. Under the previous contract, CCA was required to pay all costs up to \$60,000 per inpatient visit for offsite inpatient care. After \$60,000 in costs, Corrections was required to reimburse CCA for 60% of all costs over \$60,000. The RFP incorporated into the proposed contracts specifies that the contractor may seek reimbursement only for hospital charges (not separate physician or other provider charges) for 60% of costs over \$60,000. It also specifies that the costs of transplants are included. However, transplant claims are reimbursed only at the Medicaid rate in the state where the service was provided. Inmates considered for transplants must be approved by Corrections and the Department may return such an inmate.

j. Under the previous contract, CCA was required to provide quarterly reports on all inmates, including a summary of each inmate's disciplinary actions, grievances and drug testing activities. The proposed contracts would require the following: "A summary of inmate custody status, grievances filed/processed, disciplinary actions, urinalysis results, vocational/academic activities, inmate treatment involvement, etc. The number of PRC's [program review committee evaluations] completed during the quarter is also required to be reported. In addition, the report shall contain information regarding overall institution climate, and any serious and unusual incidents..." The contractor is also required to immediately verbally report any serious and unusual incidents to Corrections.

k. Under the previous contract, CCA was required to pay inmates in accordance with its policies. When the contracts were approved, CCA's inmate handbook indicated that inmate wages ranged from \$0.17 per hour to \$0.50 per hour for various institutional support positions or training programs. The proposed contracts specify that inmates in contracted facilities would receive the same compensation as inmates in state correctional facilities. Wisconsin institutions pay inmates from \$0.08 per hour to \$0.47 per hour depending on the work or program assignment and experience.

l. Under the previous contract, CCA was required to keep proper and complete books, records and accounts, and allow for inspection by Corrections. This provision still applies, but under the proposed contracts, contractors are required to also video tape all use of force incidents, including cell extractions, and provide a copy of that tape to Corrections.

m. Under the previous contract, CCA was allowed to use deadly force only in accordance with federal law and the laws and regulations in effect in the state in which the facility was located.

The proposed contracts would still allow the use of deadly force but only in accordance with federal law and consistent with Wisconsin Department of Corrections policy.

n. The proposed contracts require the contractor to provide adequate, confidential facilities for attorney/client visits and/or telephone conferences.

o. The previous contract specified that CCA could not assign any interest in the agreement to any other party without the approval of Corrections. This provision is still included, but in addition it is specified that no part of the contract or any services associated with the contract may be subcontracted without the approval of Corrections.

p. The previous contract required routine, random drug testing. This provision still applies, but the RFP specifies that "at a minimum, 5% of the inmate population must be tested each month."

PRISON BED FUNDING

On December 3, 1999, Corrections had a total inmate population of 20,035. Of that total, 15,328 inmates were placed in state facilities, 568 in in-state contract facilities, 25 in various federal facilities and 4,114 in out-of-state contract beds. In total, Corrections has authority for 4,107 out-of-state contract beds. On that same date, state institutions were operating at approximately 141% of operating capacity (male institutions at 139% capacity and female institutions at 175% capacity).

In 1999 Act 9 (the 1999-01 biennial budget), the average daily population (ADP) for adult correctional facilities is estimated to be 20,843 in 1999-00 and 23,937 in 2000-01. The estimate assumes that state correctional facilities (including facilities that will open during the 1999-01 biennium) will house inmates at 131% of capacity, that 4,511 inmates will continue to be placed in previously authorized contracted beds and that Corrections will utilize a daily average of an additional 781 contract beds in 1999-00 and 2,616 contract beds in 2000-01. Prison populations are estimated to be 21,937 on June 30, 2000, and 25,193 on June 30, 2001. In order to house the estimated end-point population on June 30, 2001, Corrections will need a total of approximately 8,500 contract beds.

Funding for additional prison contract beds in 1999-00 (\$12,863,100 GPR) and 2000-01 (\$42,967,800 GPR) was placed in the Committee's appropriation for release to Corrections once proposed contracts were approved by the Committee. In addition to funding for an increased number of contract beds, Act 9 placed \$935,900 GPR in 1999-00 and \$1,866,600 GPR in 2000-01 in the Committee's appropriation for release to Corrections for anticipated cost increases of existing contract beds. In total, the Committee's appropriation contains \$13,799,000 GPR in 1999-00 and \$44,834,400 GPR in 2000-01 for contract beds.

The Department requests that the Committee transfer \$9,613,500 GPR in 1999-00 and \$26,581,500 GPR in 2000-01 from the Committee's appropriation (s. 20.865(4)(a)) to Corrections' contracts appropriation (s. 20.410(1)(ab)). In addition to funding for additional contract beds with CCA and McCloud, Corrections: (a) requests the release of funding to support an average of 181 beds in 1999-00 and 250 beds in 2000-01 at the CCA facility in Sayre, Oklahoma which were approved by the Committee at the September, 1999, s. 13.10 meeting; (b) the authority to transfer an additional 40 female offenders to the federal facility in Alderson, West Virginia and the corresponding funding for these beds; and (c) intends to eliminate the usage of contract beds with Texas counties. The following table identifies the request by contract site.

<u>Contract Bed Locations</u>	<u>1999-00</u>		<u>2000-01</u>	
	<u>Cost</u>	<u>ADP</u>	<u>Cost</u>	<u>ADP</u>
Corrections Corporation of America				
Appleton, MN	\$3,029,500	197	\$7,665,000	500
Mason, TN	2,414,000	157	5,656,800	369
Tutwiler, MS	1,986,800	129	15,697,900	1,024
Sayre - September, 1999, s. 13.10	<u>2,782,300</u>	<u>181</u>	<u>3,832,500</u>	<u>250</u>
Total CCA	\$10,212,600	664	\$32,852,200	2,143
McCloud Correctional Services				
McCloud, OK (Females)	\$1,199,900	66	\$2,340,900	127
Federal Bureau of Prisons				
Alderson, WV (Females)	\$369,600	18	\$803,000	40
Texas Counties				
Texas Counties	<u>-\$2,168,600</u>	<u>-150</u>	<u>-\$9,414,600</u>	<u>-653</u>
Total	\$9,613,500	598	\$26,581,500	1,657

In July, 1998, the Committee authorized Corrections to place up to 200 female offenders at the federal prison facility in Alderson, West Virginia. As indicated previously, on February 23, 1999, Corrections informed the Committee that it would increase the number of male inmates placed in Texas counties by 40 to 740, and reduce the number of beds for women at the federal facility in Alderson, West Virginia, by 40 to 160 beds. Corrections indicates that the Alderson facility can now accept an additional 40 female offenders. The Department, therefore, seeks the Committee's authorization to utilize the existing federal contract at the previously approved site to place an additional 40 female inmates.

Corrections has visited and evaluated all of the additional prison sites for which funding is being requested with the exception of the Tutwiler, Mississippi facility. Each of the new contract facilities, except the Tutwiler facility, was built in the early to mid-1990's. Based on its evaluation

of the facilities done in connection with the request for proposals, Corrections indicates that the selected facilities have a full range of academic and job training programs, treatment and health services and can provide appropriate correctional placements for Wisconsin inmates. The facility in Tutwiler, Mississippi, will not be complete until April, 2000. According to Corrections, CCA has indicated that the entire facility can be utilized by Wisconsin.

Corrections included the Tutwiler, Mississippi facility as a facility in the CCA contract in order to ensure that Wisconsin could utilize the facility when it is completed. While the contract provision authorizing the use of the Tutwiler facility may be approved, it could be argued that the release of funds associated with the facility is premature. Once the facility is substantially completed and Corrections has had a chance to fully assess it, Corrections could seek release of the funds in a subsequent s. 13.10.

Under the proposed contracts and the additional federal beds, the total number of authorized out-of-state placements would increase from 4,107 to 5,514. The Committee should note, however, that even if the proposed contracts are approved by the Committee, Corrections may still need authority for approximately an additional 2,900 beds by June 30, 2001, based on Act 9 population projections.

If the Committee approves the proposed contracts with CCA and McLoud, increased funding for contract beds will be necessary. However, the Department's request assumes that it will begin to place inmates in contracted beds beginning in late December, 1999. Given that the s. 13.10 meeting is not until late December, 1999, that the Governor needs to sign the s. 13.10 minutes before funding can be released, that Corrections and the contractors need to potentially modify the contracts and sign the amended contracts, and that inmates need to be transported to the new locations, funding for the new contract beds could be delayed for one month to reflect a more realistic date for startup of the new contracts. As a result, funding could be reduced by \$803,800 GPR in 1999-00. Since the Committee previously approved the additional beds at CCA's Sayre facility and inmates are currently being placed there, this funding should be provided.

The following table indicates the funding modifications and changes in ADP as a result of placing inmates in contract facilities beginning in late-January, 2000.

**1999-00 Contract Bed Funding and ADP
under a Late-January, 2000 Contract Startup**

<u>Site</u>	<u>Request</u>	<u>ADP</u>	<u>Recalculation</u>	<u>ADP</u>	<u>Difference</u>	<u>ADP</u>
Corrections Corporation of America						
Appleton, MN	\$3,029,500	197	\$2,394,900	156	-\$634,600	-41
Mason, TN	2,414,000	157	1,948,500	127	-465,500	-30
Tutweiler, MS	1,986,800	129	1,986,800	129	0	0
Sayre - 9/99 13.10 Approval of Beds	<u>2,782,300</u>	<u>181</u>	<u>2,782,300</u>	<u>181</u>	<u>0</u>	<u>0</u>
Total CCA	\$10,212,600	664	\$9,112,500	593	-\$1,100,100	-72
McLoud Correctional Services						
McLoud, OK (Females)	\$1,199,900	66	\$990,600	54	-\$209,300	-11
Federal Bureau of Prisons						
Alderson, WV (Females)	\$369,600	18	\$301,400	15	-\$68,200	-3
Texas Counties						
Texas Counties	<u>-\$2,168,600</u>	<u>-150</u>	<u>-\$1,594,800</u>	<u>-110</u>	<u>\$573,800</u>	<u>40</u>
Total	\$9,613,500	598	\$8,809,700	552	-\$803,800	-47

If the CCA and McLoud contracts and the use of the federal contract for sending additional female inmates to West Virginia are not authorized by the Committee, no additional contract funding is necessary for a those requested beds. However, since the Committee has previously authorized the use of an additional 250 contract beds at CCA's Sayre, Oklahoma, facility at the September, 1999, s. 13.10 meeting, \$2,782,300 GPR in 1999-00 and \$3,832,500 GPR in 2000-01 should be released to support the previously authorized beds.

ADDITIONAL POSITIONS

Currently, in order to supervise and monitor the prison contracts and to provide institutional services for the approximately 4,100 inmates placed in out-of-state contract beds, Corrections has a nine-person contract monitoring unit within the Division of Adult Institutions. This unit is responsible for monitoring contractors' compliance with the provisions of the respective contracts, processing inmate records information and tracking each inmate transferred out of state. The unit has 1.0 administrator, 4.0 monitors, 1.0 registrar, 2.0 records assistants and 1.0 program assistant. In addition, Corrections has four other positions dedicated to: (a) monitoring health care services; (b) classifying inmates placed out-of-state; (c) coordinating transportation and movement of inmates; and (d) processing inmate records. Finally, staff from the Division of Program Planning and Movement and other staff in the Division of Adult Institutions monitor treatment and education programs provided by the contractors and the performance of inmates in these programs.

The contract monitoring unit currently is responsible for monitoring five out-of-state prison contracts (CCA in Tennessee, CCA in Oklahoma, Texas counties, federal Bureau of Prisons in Duluth, Minnesota and federal Bureau of Prisons in Alderson, West Virginia). Corrections indicates that two contract monitors and a health services monitor visit each contract site approximately once a month for a four- to five-day period. These monitors provide on-site inspection of the contract facility to assure that contract regulations are being adhered to and serve as a Wisconsin contact for inmates placed in the facilities.

Corrections requests the release of \$193,900 GPR in 1999-00 and \$384,600 GPR in 2000-01 and the creation of 6.0 GPR positions annually in order to provide additional staff support for the contract monitoring unit. The Department's request would transfer funding from the Committee's reserve appropriation for contract beds and transfer it to Corrections' general program operations appropriation (s. 20.410(1)(a)). The positions requested include 2.0 contract monitors, 1.0 nursing consultant, 2.0 offender classification specialists and 1.0 registrar.

Under the current and proposed contracts, staff at the contracted facilities are responsible for conducting individual inmate program reviews for Wisconsin inmates. These reviews are conducted at least every six months and are designed to: (a) provide a systematic review of academic, vocational, medical, social, treatment and security needs and progress; (b) monitor the implementation and revision of plans developed during initial assessment and previous program review meetings; (c) provide supplemental or alternative program recommendations; (d) provide supplemental recommendations regarding security needs; and (e) aid the inmate's reintegration into society. According to Corrections, inmates currently in contracted facilities have complained about the lack of timely program review and misinformation regarding their classifications. To address these issues, Corrections has requested 2.0 classification specialists to be responsible for ongoing training of staff at the contract facilities. Based on the increased number of contract sites (eight if the proposed contracts are approved) and the increased number of inmates being placed in out-of-state beds, the requested contract monitors, nursing consultant, program review staff and registrar seem appropriate.

In addition to the 6.0 contract monitoring staff, Corrections requests the release of \$97,200 GPR in 1999-00 and \$108,700 GPR in 2000-01 and the creation of 3.2 GPR correctional officer positions to staff two televisiting sites in Wisconsin. Of the total, \$30,000 GPR in 1999-00 would be for televisiting equipment. The sites would be at the Columbia Correctional Institution in Portage and the Racine Correctional Institution in Sturtevant. According to the proposed contracts, these sites would be available for family and attorney visiting, offender court procedures, inmate-related hearings and teleconferencing. The Department indicates that each site would be separate from other visiting areas and require specific times scheduled in advance with the officer for visiting. The number of positions provided (1.6 positions at each site) would allow for visiting eight hours a day, seven days a week, year round.

Given that the funding Corrections is requesting be released for additional, on-going positions was placed in the Committee's appropriation for contract beds, questions could be raised

regarding its use for increased staff. It could be argued that while the positions may be justified given Corrections increased use of out-of-state contract beds and the Department's desire to institute televisiting, the funds in the Committee's appropriation were placed there for contract beds, not an expansion of staff. Therefore, the release of funds for this purpose could be denied. On the other hand, since the positions are directly related to contract beds, it may be appropriate to fund them from the contract bed reserve funding.

INSTITUTIONAL CROWDING

The Department requests that \$885,500 GPR in 1999-00 be transferred from the Committee's appropriation under s. 20.865(4)(a) to the Department's s. 20.410(1)(a) appropriation to address overtime funding unexpectedly utilized by Corrections at the beginning of 1999-00 to meet institutional crowding issues. The Department indicates as a result of the continued growth of the inmate population and its inability to place an increased number of inmates in contracted beds due to the delayed budget passage, it was necessary to increase the number of inmates at a number of the correctional institutions. The increased populations were addressed by converting non-housing areas into housing units and increasing the number of inmates in already occupied cells. In order to supervise these additional inmates, Corrections staffed the areas with officers on overtime. Corrections is requesting release of the funding for the following:

<u>Institution</u>	<u>Item</u>	<u>Amount</u>
Taycheedah	Officer overtime	\$87,300
Fox Lake	Officer overtime	94,700
Dodge	Nurse clinician limited-term employe	14,800
Dodge	Officer overtime	388,800
Dodge	Supplies and services	19,400
Oshkosh	Officer overtime	239,800
Drug Abuse Correctional Center	Officer overtime	<u>40,700</u>
Total		\$885,500

While Corrections has staffed these areas using personnel on overtime, it can be argued that supplementing the Department's overtime budget at this time is premature. Given that there are approximately six months remaining in the fiscal year, Corrections may be able to manage these costs. If, by the end of the fiscal year, projected overtime expenditures exceed those that Corrections' operating budget can accommodate and Corrections does not need to utilize all of the funding reserved for contract beds, the Department may wish to submit a s. 13.10 at the June, 2000, meeting. Therefore, the release of funds for this purpose could be denied at this time.

ALTERNATIVES

A. Contract Approval

1. Approve the Department's request, pursuant to s. 302.26, for approval of the proposed contracts with the Corrections Corporation of America and McLoud Correctional Services for housing inmates in out-of-state contract beds. Approve the Department's request to utilize an existing contract with the federal Bureau of Prisons to place an additional 40 female offenders at the Alderson, West Virginia prison facility. Increase the total number of inmates which the Department may place in authorized out-of-state contracted facilities from 4,107 to 5,514.

2. Approve Alternative A1, but make Committee approval contingent on any of the following modifications:

a. Correct typographical errors in the contracts.

b. Modify the contract to move the provision currently in Article 1 (contract definitions) specifying that Corrections will not transfer inmates to contracted facilities who have serious medical conditions to Article 3 (Inmates). This alternative would move a substantive provision of the contract from the "definitions" section to the section on inmates.

c. Modify the contract with McLoud Correctional Services to remove the provision in Article 3 which states: "Contractor may transfer any of the inmates between facilities, under contract, with the Department's prior approval."

d. Modify section 5.0.7 of the contracts to specify that the 45-day time period in which Corrections may effect a cure for any breach begins at the end of the 30-day notification period.

3. Direct the Department of Corrections to provide the appropriate notice to the Texas county jail bed contract administrator that the State of Wisconsin will cancel its contract with the Texas counties as of June 30, 2000. Require Corrections to notify the Committee of its action in this matter.

4. Deny the request.

B. Contract Bed Funding

1. Approve the Department's request for release of \$9,613,500 GPR in 1999-00 and \$26,851,500 GPR in 2000-01 from the Joint Committee on Finance's supplemental appropriation (s. 20.865(4)(a)) to Corrections' prison contracts appropriation (s. 20.410(1)(ab)) for increased contract bed costs.

2. Release \$8,809,700 GPR in 1999-00 and \$26,851,500 GPR in 2000-01 from the Joint Committee on Finance's supplemental appropriation (s. 20.865(4)(a)) to Corrections' prison contracts appropriation (s. 20.410(1)(ab)) for increased contract bed costs. This alternative reduces funding for new contract beds by \$803,800 GPR in 1999-00 to provide funding for additional contract beds beginning in late-January, 2000.

3. Adopt Alternative B1 or B2, with a modification to reduce funding associated with the Tutwiler, Mississippi facility by \$1,986,800 GPR in 1999-00 and \$15,697,900 GPR in 2000-01. This alternative would withhold release of funding for Tutwiler, Mississippi facility until Corrections has had a chance to fully assess the facility which is currently still under construction.

4. Release \$2,782,300 GPR in 1999-00 and \$3,832,500 GPR in 2000-01 from the Joint Committee on Finance's supplemental appropriation (s. 20.865(4)(a)) to Corrections' prison contracts appropriation (s. 410(1)(ab)) to support the costs of 250 additional beds at the Correction Corporation of America's Sayre, Oklahoma facility authorized by the Committee at the September, 1999, s. 13.10 meeting. This alternative would deny all of the Department's December, 1999, s. 13.10 request for additional contract bed funding, except the portion associated with previously approved contract beds.

C. Additional Positions

1. Approve the Department's request for release of \$291,100 GPR in 1999-00 and \$493,300 GPR in 2000-01 from the Joint Committee on Finance's supplemental appropriation (s. 20.865(4)(a)) to Corrections' general program operations appropriation (s. 20.410(1)(a)) to support an additional 9.2 GPR positions for contract monitoring and televisiting.

2. Deny the request.

D. Institutional Crowding

1. Approve the Department's request to release of \$885,500 GPR in 1999-00 from the Joint Committee on Finance's supplemental appropriation (s. 20.865(4)(a)) to Corrections' general program operations appropriation (s. 20.410(1)(a)) to support costs incurred in 1999-00 associated with prison crowding.

2. Deny the request.

Prepared by: Jere Bauer

MO# A-2abcd+3

1	BURKE	<input checked="" type="radio"/>	N	A
	DECKER	<input checked="" type="radio"/>	N	A
	JAUCH	<input checked="" type="radio"/>	N	A
	MOORE	<input type="radio"/>	<input checked="" type="radio"/>	A
	SHIBILSKI	<input checked="" type="radio"/>	N	A
	PLACHE	<input type="radio"/>	<input checked="" type="radio"/>	A
	COWLES	<input checked="" type="radio"/>	N	A
	PANZER	<input checked="" type="radio"/>	N	A

2	GARD	<input checked="" type="radio"/>	N	A
	PORTER	<input checked="" type="radio"/>	N	A
	KAUFERT	<input checked="" type="radio"/>	N	A
	ALBERS	<input checked="" type="radio"/>	N	A
	DUFF	<input checked="" type="radio"/>	N	A
	WARD	<input checked="" type="radio"/>	N	A
	HUBER	<input checked="" type="radio"/>	N	A
	RILEY	<input type="radio"/>	<input checked="" type="radio"/>	A

AYE 13 NO 3 ABS _____

MO# B-1+3

1	BURKE	<input checked="" type="radio"/>	N	A
	DECKER	<input checked="" type="radio"/>	N	A
	JAUCH	<input checked="" type="radio"/>	N	A
	MOORE	<input type="radio"/>	<input checked="" type="radio"/>	A
	SHIBILSKI	<input checked="" type="radio"/>	N	A
	PLACHE	<input type="radio"/>	<input checked="" type="radio"/>	A
	COWLES	<input checked="" type="radio"/>	N	A
	PANZER	<input checked="" type="radio"/>	N	A

2	GARD	<input checked="" type="radio"/>	N	A
	PORTER	<input checked="" type="radio"/>	N	A
	KAUFERT	<input checked="" type="radio"/>	N	A
	ALBERS	<input checked="" type="radio"/>	N	A
	DUFF	<input checked="" type="radio"/>	N	A
	WARD	<input checked="" type="radio"/>	N	A
	HUBER	<input checked="" type="radio"/>	N	A
	RILEY	<input type="radio"/>	<input checked="" type="radio"/>	A

AYE 13 NO 3 ABS _____

MO# C-1

1	BURKE	Y	N	A
	DECKER	Y	N	A
	JAUCH	Y	N	A
	MOORE	Y	N	A
	SHIBILSKI	Y	N	A
	PLACHE	Y	N	A
	COWLES	Y	N	A
	PANZER	Y	N	A

2	GARD	Y	N	A
	PORTER	Y	N	A
	KAUFERT	Y	N	A
	ALBERS	Y	N	A
	DUFF	Y	N	A
	WARD	Y	N	A
	HUBER	Y	N	A
	RILEY	Y	N	A

AYE _____ NO _____ ABS _____

MO# D-

BURKE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A

GARD	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

AYE _____ NO _____ ABS _____

OUT-OF-STATE PRISON BED CONTRACTS

Additional Positions
[Agenda Item XXI]

Motion:

Move to approve the Department's request for release of \$291,000 GPR in 1999-00 and \$493,300 GPR in 2000-01 from the Joint Committee on Finance's supplemental appropriation (s.20.865(4)(a)) to Corrections general program operation appropriation (s.20.410(1)(a)) to support an additional 6.0 GPR positions for the contract monitoring unit and an additional 3.2 GPR four-year project correctional officer positions to staff two televisiting sites in Wisconsin.

Note:

This motion would approve the Department's request for 9.2 GPR positions (Alternative C1), as modified to provide 3.2 GPR four-year project, rather than permanent, correctional officer positions to staff two televisiting sites in Wisconsin.

MO#			
BURKE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
2 GARD	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

AYE 15 NO 1 ABS

OUT-OF-STATE PRISON BED CONTRACTS

Inmate Classification
(Agenda Item XXI)

Motion:

Move to require the Department of Corrections, at the time of each site visit conducted to an out-of-state prison, to identify the number of inmates by security classification and the security classification of the facility visited, and include this information in each site visit report.

MO#			
BURKE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
GARD	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

AYE 8 NO 8 ABS

OUT-OF-STATE PRISON CONTRACTS

Medical Staffing Levels
(Agenda Item XXI)

Motion:

Move to require that private prison contractors provide a monthly report to the Department of Corrections indicating the medical staffing levels by position classification at each of the facilities in which Wisconsin inmates are held and indicating the number of hours worked by each medical staff position.

MO#				
2	BURKE	Y	N	A
	DECKER	Y	N	A
	JAUCH	Y	N	A
	MOORE	Y	N	A
	SHIBILSKI	Y	N	A
	PLACHE	Y	N	A
	COWLES	Y	N	A
	PANZER	Y	N	A
	GARD	Y	N	A
	PORTER	Y	N	A
	KAUFERT	Y	N	A
	ALBERS	Y	N	A
	DUFF	Y	N	A
	WARD	Y	N	A
	HUBER	Y	N	A
	RILEY	Y	N	A

AYE 15 NO 1 ABS _____

OUT-OF-STATE PRISON BED CONTRACTS

Notice of Pleadings
[Agenda Item XXI]

Motion:

Move to delete the last sentence of Article 6.11 of the Corrections Corporation of America and McLoud contracts which states: "The Contractor shall not have to provide such copies to the Department if the pleadings appear to be frivolous in nature."

MO#			
BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	<input checked="" type="radio"/> N	A
JAUCH	<input checked="" type="radio"/>	N	A
MOORE	<input checked="" type="radio"/>	N	A
SHIBILSKI	<input checked="" type="radio"/>	N	A
PLACHE	<input checked="" type="radio"/>	N	A
COWLES	Y	<input checked="" type="radio"/> N	A
PANZER	Y	<input checked="" type="radio"/> N	A
GARD	<input checked="" type="radio"/>	N	A
PORTER	<input checked="" type="radio"/>	N	A
KAUFERT	Y	N	A
ALBERS	Y	<input checked="" type="radio"/> N	A
DUFF	Y	<input checked="" type="radio"/> N	A
WARD	Y	<input checked="" type="radio"/> N	A
HUBER	<input checked="" type="radio"/>	N	A
RILEY	<input checked="" type="radio"/>	N	A

AYE 9 NO 6 ABS _____

OUT-OF-STATE PRISON BED CONTRACTS

Institutional Crowding and Long Range Planning
[Agenda Item XXI]

Motion:

Move to release \$103,500 GPR in 1999-00 and \$447,100 GPR in 2000-01 from appropriation s. 20.865(4)(a) (the Joint Committee on Finance's supplemental appropriation) to the Department of Corrections' general program operations appropriation (s. 20.410(1)(a)) to support the costs of 9.0 GPR positions to: (a) address issues of correctional institution crowding and long range planning; and (b) staff correctional facilities.

Note:

This motion would release \$103,500 GPR in 1999-00 and \$447,100 GPR in 2000-01 from the Committee's reserved funding in appropriation s. 20.865(4)(a) for costs associated with 9.0 GPR positions to address issues of correctional institution crowding and long range planning and to staff correctional facilities. Funding would be released from reserve amounts in the Committee's appropriation for estimated cost increases for existing contract beds. In 1999 Act 9, \$935,900 GPR in 1999-00 and \$1,866,600 GPR in 2000-01 was placed in the Committee's reserve appropriation for this purpose.

MO#	BURKE	DECKER	JAUCH	MOORE	SHIBILSKI	PLACHE	COWLES	PANZER	GARD	PORTER	KAUFERT	ALBERS	DUFF	WARD	HUBER	RILEY	AYE	NO	ABS
	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A			
	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N			
	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y			