

13.10 Meeting
December 19, 2000
Agenda Item VII

Issue: Corrections: Parole Commission Funding

Comments:

Modifies DOC's request to transfer \$\$ to the Parole Commission's general program operations appropriation to fund salary, and supplies and services costs.

3a: Only approves funding for the contracted services of a retired Parole Commissioner until the contract expires in March of 2001, rather than continuing funding for such services until July, 2001. While these services allow more parole hearings to be held, the appropriate method to expand Commission membership is through legislation. DOC has submitted a budget request to expand the Parole Commission by two members.

3b: Eliminates funding for LTEs beginning in January, 2001 since these costs were unbudgeted for 2000-01 and DOC has already been bailed out once when DOA approved the Department's request to transfer \$50,000 from permanent salaries to LTE salaries. The Parole Commission could still utilize LTEs after December if those costs are managed with the available funding.

3c: Reduces funding for supplies and services due to lower cost estimates based on actual expenditures of the Parole Commission in the last two years.

4: Requires the Parole Commission and Corrections to report to JFC about actions that have been taken and will be taken for the Commission to operate within their budget.

This is the second time in this calendar year that DOC has sought funds for the Parole Commission's operating budget, leading some to question whether the Commission's funding deficiencies are attributable to lack of adequate expenditure controls by the agency. These reports would shed some light on the potential problems and force the agency to explore ways to better manage their resources.

Staff Recommendation: Alternatives 3 a, b, c and 4.

Prepared by: Deb



Legislative Fiscal Bureau

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December 19, 2000

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Corrections: Parole Commission Funding -- Agenda Item VII

The Department of Corrections requests the transfer of \$264,600 GPR in 2000-01 from the corrections contracts and agreements appropriation (s. 20.410(1)(ab)) to the Parole Commission's general program operations appropriation (s. 20.410(2)(a)) to fund salary, and supplies and services costs.

BACKGROUND

Under current law, the six-member Parole Commission is created in the Department of Corrections. Members of the Commission include a chairperson who is nominated by the Governor and, with the advice and consent of the Senate, appointed for a two-year term, and five members in the classified service appointed by the Chairperson. Statutes require that members have knowledge of or experience in corrections or criminal justice. The Parole Commission Chairperson may be removed by the Governor, at his or her pleasure.

The Chairperson of the Parole Commission is required to administer and supervise the Commission and its activities and be the final parole granting authority. (Statutes do allow the Secretary of the Department of Corrections to make parole release decisions in certain circumstances.) The Parole Commission is required to conduct regularly-scheduled interviews to consider the parole of eligible inmates of the adult correctional institutions, eligible inmates transferred to mental health facilities and under the control of the Department of Health and Family Services and eligible inmates in any county house of correction. The Department of Corrections is required to provide all of the following to the Parole Commission: (a) records relating to inmates which are in the custody of the Department and are necessary to the conduct of the Commission's responsibilities; (b) scheduling assistance for parole interviews at the correctional institutions; (c)

clerical support related to the parole interviews; and (d) appropriate physical space at the correctional institutions to conduct the parole interviews.

Funding for the Parole Commission in 2000-01 is \$727,800 GPR with 12.0 GPR positions (11.0 classified and 1.0 unclassified). In addition, the Department of Corrections has \$45,000 GPR allocated to support salary and fringe benefit costs of the Parole Commission.

ANALYSIS

The following table identifies the 2000-01 funding for the Parole Commission's general program operations appropriation (s. 20.410(2)(a)): (a) under 1999 Act 9; and (b) the current budget as the result of reallocations and 1999-00 pay plan supplements applicable to 2000-01. The table also indicates actual Parole Commission expenditures and encumbrances, and the percentage of the current 2000-01 funding obligated through December 7, 2000.

**Parole Commission
2000-01 General Program Operations
Act 9 Funding, Current Budget and Actual Expenditures
December, 2000**

	<u>Act 9</u>	<u>Current Budget</u>	<u>Expended/ Encumbered</u>	<u>Percent Obligated</u>
Permanent and project salaries	\$457,700	\$418,300	\$214,635	51.3%
Limited-term employee salaries	0	50,000	26,446	52.9
Fringe benefits	172,700	174,800	95,510	54.6
Supplies and services	<u>97,400</u>	<u>97,400</u>	<u>79,196</u>	81.3
Total	\$727,800	\$740,500	\$415,787	56.1

The Department requests that \$264,600 GPR in 2000-01 be transferred from the unallotted balance of the corrections contracts and agreements appropriation to the Parole Commission's general program operations appropriation to fund salary, and supplies and services costs. The request would be divided as follows: (a) an additional \$50,000 to address an estimated permanent salary deficit; (b) \$8,700 for overtime costs; (c) an additional \$23,400 to fund limited-term employee (LTE) costs; and (d) an additional \$182,500 for increased supplies and services costs.

According to Corrections, the Commission "does not have staff or financial resources to meet the ever-increasing need for parole hearings." Since 1997, the average number of monthly parole interviews has increased by 33.5%, from 1,041 per month in 1997 to 1,390 in 2000. In a letter to the Secretary of Corrections related to the request, the Commission indicated:

"As you know, the work load generated by the burgeoning prison population, new laws (i.e. PMR [presumptive mandatory release], Chapter 980 [sexually violent persons], TIS [truth-in-sentencing] and victims rights), and the numerous locations housing inmates, have out distanced the resources of the Commission for some time. Instead of the Commission being provided adequate funding, it was left to employ less desirable measures. The Commission established one-person parole interviews instead of the two-person panel when inmates were becoming more assaultive and their cases more complex, more laws and procedures being required, more institutions being added at which to conduct parole interviews and more inmates needing parole interviews. The 13.10 request will recognize and adequately address the resource need. The ability of the Commission to sufficiently meet its responsibility has a direct bearing on assessing the risk of an inmate and providing for the public safety. Attorney Janet Reno called the reentry of offenders to prison "one of the most pressing problems we face as a nation." (John Jay College of Criminal Justice, New York, February, 10, 2000)

This 13.10 request only continues one person parole interviews, and still requires one Commissioner to do more work than the former two-person panel. This includes traveling longer distances and carrying a larger case load of monthly parole interviews. The 13.10 request also recognizes the Commission's heavy reliance on technology. While the services of a retired Commissioner has been invaluable and essential to the Commission meeting the monthly interviews, it has created costs unanticipated when the existing budget was developed and approved by the legislature. The 13.10 request addresses this funding void. It responds to the costs associated with the training of a new Commissioner to replace the unanticipated retirement of an existing Commissioner."

The Department attributes that supplies and services funding request to an increase in the number of parole hearings needed, additional travel time and associated expenses and increased correspondences to and from victims, inmate family members, attorneys, public officials and the general public. On December 7, 2000, the Commission indicated that while the request related to salary cost estimates remained the same (\$82,100), the request related to supplies and services could be reduced to \$125,500 as a result of a reevaluation of projected costs. As a result of the revision, the Commission's total request would be \$207,600 GPR in 2000-01.

On August 7, 2000, the Department of Administration approved the Department's request to transfer \$50,000 from permanent salaries to LTE salaries. Corrections currently projects that the Commission's permanent salary funding, assuming 2000-01 pay plan supplements and Corrections' \$45,000 allocation, will experience a deficit of \$50,000, while LTE-related costs will have a deficit of \$32,100. The Commission currently has four LTEs. Corrections indicates that the request would fund "LTE clerical support as well as unplanned, unbudgeted clerical overtime salary." According to the Commission, three of the LTEs were hired to assist existing staff processes and handle paperwork and one of the LTEs serves as a receptionist.

Beginning on October 9, 2000, the Commission hired a retired Parole Commissioner as a consultant to conduct parole hearings. The Commission indicates that, prior to this time, the same individual had conducted parole hearings as an LTE. According to the Commission, the consultant has a contract through March, 2001, for \$25,000. The s. 13.10 request would provide \$19,700 to support the cost of the consultant until July, 2001. Corrections indicates that the consultant was hired on a temporary basis to address "the immediate workload of parole and victim interviews as well as enable the Commission to adequately respond to vacations, leave etc. Any [parole] recommendations made by this contractor must continue to be reviewed and approved by the final arbiter, the Parole Chair."

The Parole Commission has expended or encumbered 81% of its supplies and services budget for 2000-01 through the beginning of December, 2000. Costs and encumbrances associated with the contracted parole commissioner (\$25,000) represent 26% of the Commission's current supplies and services budget (\$97,400). While the Department indicates that temporary parole commission members have been utilized in the past (through agency employe interchange agreements or use of LTEs), the Committee should note that the statutes specify that the Parole Commission consists of six members (s. 15.145). While the consultant allows more parole hearings to be held, it could be argued that the appropriate method to expand Commission membership is through legislation. (The Department has submitted a 2001-03 budget request seeking to expand the Commission by two members beginning in 2001-02.) If the consultant's contract was not extended after its March, 2001, term, the request could be reduced by \$19,700. In addition, if the full Legislature wanted to address this issue statutorily, legislation could be addressed prior to March, 2001, and in advance of 2001-03 budget deliberations.

In addition to the six parole commissioners, the Commission has six other positions (1.0 corrections administration supervisor, 1.0 program assistant supervisor, 3.5 program assistants and 0.5 research technician) to support the activities of the Commission. As indicated above, the Commission has also hired four LTEs to perform clerical and reception tasks. Through the end of December, 2000, LTE costs, including overtime, are estimated to total \$39,600. These costs were unbudgeted for 2000-01. Had \$50,000 not been transferred from permanent salaries to LTE salaries, estimated permanent salaries would be within budgeted amounts. If the Committee wishes, the request could be reduced for costs associated with LTEs in 2000-01 after December, 2000. As a result, the request could be reduced by \$42,100. It should be noted that, while this alternative would reduce the request for costs associated with LTEs, the Commission could still utilize LTEs if those costs are managed within the available funding.

Given the Commission's current expenditure levels, increased funding for supplies and services will be necessary in order for parole hearings to continue through the rest of 2000-01. If supplies and services costs for the remainder of 2000-01 are based on actual expenditures for the Commission in the last two years, the request could be reduced by \$23,900 GPR.

This is the second time in this calendar year that the Department has sought funds for the Commission's operating budget. In addition, the Department sought and received approval from DOA to move money from the Commission's permanent salary line to fund LTEs. This approval

resulted in a deficit in the permanent salary line. To assure that the Commission's budget and personnel issues are being adequately addressed and since the Commission is statutorily attached to Corrections, the Commission and Corrections jointly could be required to report to the Committee by March 15, 2001, regarding: (a) the current status of Parole Commission's 2000-01 budget; (b) actions that have jointly been taken to effectively and efficiently administer the Parole Commission within the budgetary and personnel resources provided to the Commission in 2000-01; and (c) additional measures that will be jointly taken in the future to assist the Commission with budgetary planning and monitoring.

Under s. 13.101(3), the Committee may supplement an agency's appropriation or transfer funds to it if: (a) an emergency exists; (b) no funds are available for such a purpose; and (c) the purposes are authorized or directed by the Legislature. The statutes specify, however, that no transfer of funds may be made to offset deficiencies arising from the lack of adequate expenditure controls by an agency. Although this may be applicable to the issue at hand, given the level of expenditures already made, without some level of increased funding the ability of the Commission to conduct parole hearings would be significantly reduced.

The request would be funded by transferring \$264,600 GPR in 2000-01 from the unallotted balance in the corrections contracts and agreements appropriation to the Commission's general program operations appropriation. At the December, 1999, s. 13.10 meeting, a motion was adopted that required the Co-chairs of the Joint Committee on Finance to certify the release of funding for Corrections Corporation of America's Tutwiler, Mississippi facility. That motion required that the final release of \$1,986,800 GPR in 1999-00 and \$15,697,900 GPR in 2000-01 related to the Tutwiler facility was dependent on Corrections' assessment that the facility meets the Department's specifications and is ready to admit Wisconsin prisoners. On May 31, 2000, the Co-chairs certified Corrections' request to release of \$1,092,400 GPR in 1999-00 and \$8,247,500 GPR in 2000-01 for out-of-state contract beds. Since Corrections did not request release of all of the available funding, \$894,400 GPR in 1999-00 and \$7,450,400 GPR in 2000-01 remains in unallotted reserve in the appropriation. Under the Department's other s. 13.10 requests before the Committee, an additional \$1,943,500 GPR is requested to be transferred from unallotted reserve. Therefore, sufficient funding would remain in unallotted reserve to support all three requests. Corrections indicates that the remaining funding in unallotted reserve would not be utilized for additional contract beds in 2000-01.

ALTERNATIVES

1. Approve the Department's request to transfer \$264,600 GPR in 2000-01 from the corrections contracts and agreements appropriation (s. 20.410(1)(ab)) to the Parole Commission's general program operations appropriation (s. 20.410(2)(a)) to fund salary, and supplies and services costs.

2. Approve the revised request to transfer \$207,600 GPR in 2000-01 from the corrections contracts and agreements appropriation (s. 20.410(1)(ab)) to the Parole Commission's general program operations appropriation (s. 20.410(2)(a)) to fund salary, and supplies and services costs.

3. Modify the revised request of \$207,600 GPR in 2000-01 by one or more of the following:

a. Fund costs for the contracted parole commissioner only through the current contract which ends in March, 2001 (-\$19,700 GPR).

b. Eliminate funding associated with limited-term employees beginning in January, 2001, (-\$42,100 GPR).

c. Provide supplies and services funding based on previous years' actual Commission supplies and services expenditures (-\$23,900 GPR).

4. In addition to any other alternative, require the Parole Commission and Corrections to jointly report to the Committee by March 15, 2001, regarding: (a) the current status of Parole Commission's 2000-01 budget; (b) actions that have jointly been taken to effectively and efficiently administer the Parole Commission within the budgetary and personnel resources provided to the Commission in 2000-01; and (c) additional measures that will be jointly taken in the future to assist the Commission with budgetary planning and monitoring.

5. Deny the request.

Prepared by: Jere Bauer

MO# A1t 3abc + 4

BURKE 1	(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
DARLING	(Y)	N	A
GARD 2	(Y)	N	A
PORTER ^{Huber}	(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

VII. Department of Corrections – Jerry Smith, Parole Commission Chairman

The department requests the transfer of \$264,600 GPR in fiscal year 2000-01 from the department's corrections contracts and agreements appropriation under s. 20.410(1)(ab) to the general program operations appropriation under s. 20.410(2)(a) to fund salary and supplies and services costs of the Parole Commission.

Governor's Recommendation

Modify the request. Provide a reduced transfer of \$181,070 GPR from the appropriation under s. 20.410(1)(ab), corrections contracts and agreements, in fiscal year 2000-01.



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

TOMMY G. THOMPSON
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY

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Date: December 15, 2000

To: Members, Joint Committee on Finance

From: George Lightbourn, Secretary
Department of Administration *George Lightbourn*

Subject: Section 13.10 Request from the Department of Corrections for Parole Commission Supplies and Services Costs.

Request

The department requests the transfer of \$264,600 GPR in fiscal year 2000-01 from the department's corrections contracts and agreements appropriation under s. 20.410(1)(ab) to the general program operations appropriation under s. 20.410(2)(a) to fund salary and supplies and services costs of the Parole Commission.

Background

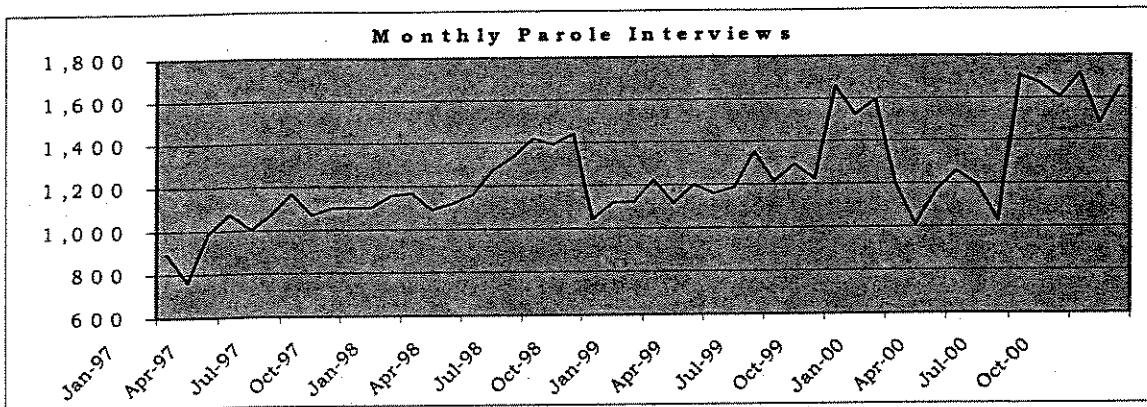
1999 Act 9 provided the Parole Commission with total budget authority of \$772,800 GPR.

The Parole Commission is the final authority for granting discretionary paroles and is required to conduct regularly scheduled interviews with eligible state inmates to consider their parole from adult correctional institutions, county jails and mental health facilities. The Parole Commission is comprised of a chairperson nominated by the Governor for a two-year term, with the advice and consent of the Senate, and 5 members appointed by the Chairperson. The Parole Commission also has six permanent support staff and currently has four limited term employees (LTEs).

The Parole Commission released 300-400 inmates per month between January 1996 and April 1998. Since July 1999, the Parole Commission has released an average of 147 inmates per month through parole. From August through October of this year, the Parole Commission granted over 200 paroles per month. This is the first time in more than two years that the Parole Commission has consistently granted more than 200 paroles per month.

Analysis

As shown by the table below, the Parole Commission has experienced a significant increase in workload due to the increased number of inmates eligible for parole as a result of the increased inmate population and, consequently, will exceed its supplies and services budget for fiscal year 2000-01.



The increase in the inmate population and number of facilities has led to an increase in the number of parole hearings required, additional travel time and related expenses, including out-of-state travel, and increased correspondence with victims, inmate family members, attorneys, public officials and the general public. As of November 30, 2000, the Parole Commission had expended 85.18% of its supplies and services budget.

In May 2000, the Department of Justice (DOJ) concluded that the Chairperson of the Parole Commission must make a determination on each presumptive mandatory release (PMR) case. If the Chairperson determines that a PMR inmate should be held past his mandatory release date, a commissioner must conduct a parole interview prior to the inmate's mandatory release date. Previously, commissioners were allowed to conduct parole interviews for PMR cases before or after an inmate's mandatory release date. This change has increased the Commission's workload by requiring a review of all PMR cases and, subsequently, the rescheduling of parole interviews.

In August 2000, the Parole Commission transferred \$50,000 from permanent salaries to limited term employee (LTE) salaries. In October 2000 the Parole Commission contracted for the services of a recently retired commissioner. These events were done in an effort to facilitate the parole process for more inmates. The additional staff have allowed the Parole Commission to conduct more parole hearings, resolve a backlog of paperwork, develop a database that allows the generation of data on paroles, deferments, office grants and other information, and shorten the process for getting pre-parole investigations conducted by probation and parole agents. Pre-parole investigations are a method of assessing the risk of

returning an offender to the community and must be completed prior to a parole grant. A social worker at the institution where the inmate is incarcerated meets with the inmate to determine the inmate's plan for living arrangements, employment, education and treatment. A probation and parole agent then verifies the information and submits it to the Parole Commission.

Between July 1999 and July 2000, the Parole Commission averaged 129 paroles per month. Since August, the Parole Commission has averaged 226 paroles per month. The additional resources for administrative support and investigations have allowed the Parole Commission to move toward the goal of returning inmates to the community if they have met the requirements of their parole eligibility.

DOC's use of ad hoc commissioners is based on the department's historical practice of pulling people from DAI to provide assistance to the Parole Commission when workload dictated, such as covering for the increased number of parole interviews, vacancies, vacations and other leave. DOC also cites that the Commission has had approval to have a person serving in the capacity of Commissioner on a two-year interchange between DOC and DHFS when statutes identified a lesser number of Commissioners. Because all inmates considered for parole release are reviewed and signed by the Parole Chairperson, DOC contends that the Commissioners provide the administrative support to enable the Chairperson to exercise his or her statutory responsibility. DOC contends further that the contractor in this instance is a former Commissioner with experience and knowledge and that he is contracted on a temporary basis to address the immediate workload of parole and victim interviews as well as to enable the Commission to adequately respond to vacations, leave, etc, and that any recommendations made by this contractor must continue to be reviewed and approved by the final arbiter, the Parole Chair.

This s. 13.10 request ties to a budget request that asks for permanent authority for two additional commissioners. This request provides an interim solution until the matter can be dealt with in the formal budget request.

The request can be modified to reflect a permanent salary deficit of \$50,654 GPR rather than \$8,700 GPR based on correcting the department's estimated expenditures and updated pay plan supplement estimates, and to reflect an LTE salary deficit of \$13,493 GPR rather than \$73,400 GPR based on correcting the department's estimated expenditures and adjusting for an LTE whose last day was December 8, 2000. The request can also be modified to reflect a re-estimate of supplies and services needs. The request can be reduced further by eliminating extraneous expenditures for the remainder of the fiscal year such as eliminating the purchase of computer software that would increase efficiency but duplicate existing DOC functions, eliminating out-of-state travel, conferences and tuition expenses. In total, the request can be reduced by \$83,520 GPR.

Members, Joint Committee on Finance
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December 15, 2000

Recommendation

Modify the request. Provide a reduced transfer of \$181,070 GPR from the appropriation under s. 20.410(1)(ab), corrections contracts and agreements, in fiscal year 2000-01.

Prepared by: Jana D. Steinmetz
266-2213

Tommy G. Thompson
Governor

Jon E. Litscher
Secretary



State of Wisconsin
Department of Corrections

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DATE: November 29, 2000

TO: The Honorable Brian Burke, Co-Chair
Joint Committee on Finance
Room 316 South, State Capitol
Madison, WI 53702

The Honorable John Gard, Co-Chair
Joint Committee on Finance
Room 315 North, State Capitol
Madison, WI 53702

FROM: Jon E. Litscher, Secretary

A handwritten signature in cursive script that reads "Jon E. Litscher".

SUBJECT: §13.10 Request – Parole Commission

Request

The Department of Corrections (DOC) requests the transfer of \$264,600 GPR in FY01 from appropriation §20.410(1)(ab), Corrections contracts and agreements, to the Department's appropriation under §20.410(2)(a), General program operations, to fund salary and supplies and service costs of the Parole Commission. Funding for this request would be provided from funds currently in unallotted reserve in the DOC contract beds appropriation for out-of-state contract beds.

Background

The Commission does not have sufficient staff or financial resources to meet the ever-increasing need for parole hearings. The increased resources required are directly related to the large increase in the prison populations and the addition of several facilities housing inmates in recent years. These increases have resulted in an increase in the number of parole hearings needed, additional travel time and associated expenses (including out-of-state locations); and increased correspondence to and from victims, inmate family members, attorneys, public officials and the general public.

Analysis

The Department requests an additional \$182,500 for supplies and services and \$82,100 for salary costs. The requested \$182,500 supplies and services funding will be utilized for travel expenses, fleet charges for a temporary Commissioner, information technology charges as well as general supplies. The requested \$82,100 salary amounts will cover LTE clerical support as well as unplanned, unbudgeted clerical overtime salary. It should be noted that the Parole Commission has expended its entire supplies and services budget for FY01. Table 1 below shows the budgeted and proposed expenditures for the Parole Commission in FY01.

Table 1: Request by Category

	Budgeted	Proposed	Difference
Salary w/supplements	\$525,800	\$534,500	\$8,700
LTE	\$0	\$73,400	\$73,400
S&S, rent, int. services	\$95,600	\$278,100	\$182,500
Total	\$621,400	\$886,000	\$264,600

Summary

DOC requests the transfer of \$264,600 GPR in FY01 from appropriation §20.410(1)(ab), Corrections contracts and agreements, to the Department's appropriation under §20.410(2)(a), General program operations, to fund salary and supplies and service costs of the Parole Commission.

Jerry Smith, the Chairperson of the Parole Commission, will appear before the Committee on behalf of this request.

cc: Robert Lang, Legislative Fiscal Bureau
George Lightbourn, Department of Administration

**13.10 Meeting
December 19, 2000
Agenda Item VIII**

Issue: Corrections: CCA Contract Bed Daily Rate Increase

Comments:

Approves DOC's request for a one-year extension of the contract with CCA with the following modifications:

- Amend the contract to increase the daily rate to \$44 with any future increase to be addressed in future contract amendments.
- Prohibit the transfer of inmates to CCA facilities other than those approved in the current contract without prior approval by JFC through a contract modification.

Approves DOC's request to transfer funds from the unallotted reserve funding in Corrections' correctional contracts appropriation to support increased contract costs for the remainder of 2000-01.

Staff Recommendation: Alternative 3

Prepared by: Deb



Legislative Fiscal Bureau

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December 19, 2000

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Corrections: Corrections Corporation of America Contract Bed Daily Rate Increase --
Agenda Item VIII

The Department of Corrections requests approval of an extension to the existing contract with the Corrections Corporation of America (CCA). In addition, Corrections requests that the Co-chairs certify release of \$1,660,600 GPR in 2000-01 from unallotted reserve in the corrections contracts and agreements appropriation (s. 20.410(1)(ab)) to fund contract bed rate increases under the CCA contract.

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 1, 2000. Since Committee approval of in-state contracts is not required, the number of inmates in Wisconsin facilities is equal to the authorized beds. Also, under the current contract with CCA, Corrections is allowed to place inmates at any CCA facility authorized by the Committee as long as to total number of inmates at authorized CCA facilities does not exceed the authorized number of beds.

**Contract Prison Beds
Total Authorized and Current Population
December 1, 2000**

<u>Contract Site</u>	<u>Authorized Beds</u>	<u>Current Population</u>
Corrections Corporation of America*		
Tennessee--Whiteville		1,515
Tennessee--Mason		375
Oklahoma--Sayre		1,451
Minnesota--Appleton		690
Mississippi--Tutwiler		<u>329</u>
CCA Total	<u>4,803</u>	4,360
McLoud Correctional Services		
Oklahoma--McLoud (Females)**	0	72
Federal Bureau of Prisons		
Duluth, Minnesota	354	298
Alderson, West Virginia (Females)**	<u>0</u>	<u>0</u>
Out-of-State Total	5,157	4,730
Federal Bureau of Prisons, Oxford, WI	50	3
Wisconsin Counties		
Male	182	182
Females	126	126
Prairie du Chien Correctional Facility	<u>301</u>	<u>301</u>
In-State Total	659	612
Total Contracted Prison Beds	5,816	5,342

* Under the CCA contract, Wisconsin inmates may be placed at any of the authorized CCA facilities as long as the total number of inmates does not exceed the authorized total of 4,803 inmates.

** At the September 14, 2000, s. 13.10 meeting, the number of authorized out-of-state contract beds was reduced by 357 beds to reflect the return of all female inmates to Wisconsin facilities by the end of December, 2000.

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.

d. On June 15, 2000, Corrections informed the Committee that it would increase the for female offenders placed at the McLoud, Oklahoma, facility by 30 to 157, and reduce the number of beds authorized under the CCA contract by 30 to 4,803.

In addition, at the December, 1999, s. 13.10 meeting, a motion was adopted that required the Co-chairs of the Joint Committee on Finance to certify the release of funding for CCA's Tutwiler, Mississippi facility. That motion required that the final release of \$1,986,800 GPR in 1999-00 and \$15,697,900 GPR in 2000-01 related to the Tutwiler facility was dependent on Corrections' assessment that the facility meets the Department's specifications and is ready to admit Wisconsin prisoners. On May 18, 2000, Corrections requested that the Co-chairs approve the release of \$1,092,400 GPR in 1999-00 and \$8,247,500 GPR in 2000-01 for out-of-state contract beds and indicated that: (a) the Department was not requesting the release of all of the reserved funding because prison populations are below original projections; and (b) staff inspected the Tutwiler facility and had determined that it could begin to accept inmates during the week of May 22, 2000.

The Co-chairs approved the request on May 31, 2000, but indicated that future release of any of the remaining funding associated with Tutwiler (\$894,400 GPR in 1999-00 and \$7,450,400 GPR in 2000-01) would require certification by the Co-chairs and that since the Tutwiler facility was part of the contract with the CCA, funding could only be released by the Co-chairs for CCA facilities currently included in the contract. The letter further indicated that any increase above the total authorized number of out-of-state contract beds would require the approval of the full Joint Committee on Finance. While funding has been released from the Committee's appropriation, utilization of the funds (currently in the Department's unallotted reserve line) requires certification by the Co-chairs.

ANALYSIS

In s. 302.26 related to approval of corrections contracts for the placement of inmates in other states, the statutes specify that if "a contract... involves the transfer of more than 10 prisoners in any fiscal year to any one state or to any one political subdivision of another state, the contract may be entered into only if it is approved by the legislature by law or by the joint committee on finance." Under this authority, the Committee approved the initial contract with CCA in March, 1998. The Committee approved modifications to the contract in June, 1998, in December, 1998, and in September, 1999. A new CCA contract was approved by the Committee in December, 1999.

The Department of Corrections requests that the Committee approve an extension of the CCA contract pursuant to section 2.1 of the contract that was approved on December 21, 1999. The Department's request indicates that the per inmate daily cost would increase from \$42 per day, as specified in section 3.0 of the contract, to \$44 per day from December 22, 2000, to December 21, 2001, and to \$45.32 per day from December 22, 2001 to December 21, 2002. Corrections also requests that the Co-chairs certify release of \$1,660,600 GPR in 2000-01 from unallotted reserve in the Department's s. 20.410(1)(ab) appropriation to support increased costs related to the per diem increases for the remainder of 2000-01.

The proposed amendment to the contract states: "The undersigned hereby agree to extend the Contractual Services Contract between the State of Wisconsin Department of Corrections and the Corrections Corporation of America. The extension is entered into pursuant to Article 2, section 2.1 of said contract. The term of the extension shall be from December 22, 2000, to December 21, 2001. All other terms and conditions of the contract shall remain the same." Section 2.1 of the current contract states: "The Contract shall be effective on the contract execution date and shall run for one (1) year from that date, with an option by mutual agreement of the Department and Contractor, to renew for 2 (two) additional 1 (one)-year periods."

The existing contract in section 6.4 indicates that: "This Contract incorporates the RFP #C-519, including but not limited to the Standard Terms and Conditions which are part thereof, the Contractor's September 2, 1999, response to RFP #C-519, and any and all written agreements between the Contractor and the Department. Any disputes between the parties as to the meaning of the agreement between the parties shall be resolved by referring to this Contract, then to the documents mentioned immediately above in the order in which they are listed."

On November 24, 1999, Corrections requested that the Committee approve a "master contract" with CCA and the McLoud Correctional Services Corporation. This request was subsequently amended on December 9, 1999. In both of these submissions and in the corresponding contracts (Section 3 in both), Corrections indicated that the rates charged at the McLoud facility for female offenders would be \$50 per day the first year, \$51 per day the second year and \$52 per day in third and final year, and that the rate under the CCA contract would be \$42 per day. Corrections provided no indication at that time that CCA rates were expected to increase.

The Department argues that the proposed rate increases were included in CCA's response to RFP #C-519 and therefore, extending the contract now will have the effect of allowing for the increased charges. The Department contends that since the response to the RFP is considered a portion of the contract, these rates were approved and Section 3 does not need to be amended at this time for the new rates to become effective.

In order to support the increased costs, Corrections seeks that the Co-chairs certify release of \$1,660,600 GPR in 2000-01. The requested amount of funding is available in unallotted reserve in the corrections contracts and agreement appropriation (s. 20.410(1)(ab)) for the purposes for which Corrections is seeking certification. The Department's calculation of the amount for certification appears to be correct. If the Committee approves the contract extension and the release of funds is

certified, \$5,789,800 GPR would remain in unallotted reserve in 2000-01, excluding any Committee action on the Department's other s. 13.10 requests currently before the Committee.

The contract approved by the Committee on December 21, 1999, with McCloud Correctional Services clearly states in Section 3 that rates would increase over the three-year period of the contract. The increased rates were also explicitly stated in the Department's request to the Committee. With regard to the CCA contract, Section 3 of the contract and the Department's December, 1999, request indicate that the daily per inmate rate is \$42. The Department provided the proposed CCA contract and the RFP to the Committee during Committee discussions in December, 1999. However, CCA's the response to the RFP was not provided at that time.

Corrections recently provided a copy of a section of CCA's September 2, 1999, RFP response related to costs (Volume II: Cost Proposal). The cost proposal identifies each institution CCA was proposing be utilized and the daily cost at each facility. While the daily rates for the second and third year of the CCA contract correspond to Corrections' current request (\$44 per day in the second year of the contract and \$45.32 in the third year), first year identified costs are \$43 per day or \$1 more per day than is specified in Section 3 of the contract. The Committee should also note that the cost proposal identifies two facilities that are not included in the contract (Burlington, Colorado and Youngstown, Ohio) and does not identify the Tutwiler, Mississippi facility included in Section 3.

While Corrections contends that CCA's RFP response is sufficient to allow for increased daily rates in the next two years without Committee approval, questions could be raised in this regard. The contract submitted by the Department for Committee approval in December, 1999, did not provide for rate increases, nor did it include facilities in Colorado or Ohio. Corrections' request currently before the Committee would authorize Corrections to enter into an extension of the contract for an additional year. The Committee should note, however, that Corrections already has this authority under Section 2.1 of the contract as long as no other provision of the contract changes. Therefore, Corrections does not need the Committee's approval for an extension. However, it can be argued that Section 3 of the contract does need to be amended to specify any rate change. As an alternative to modifying the contract rates for a two-year period, the Committee may wish to amend the contract to increase the rate to \$44 per day beginning December 22, 2000. Any future increase in cost could be addressed in future contract amendments. The Committee may also wish to specify that transfer of inmates to CCA facilities other than those approved in Section 3 of the contract is prohibited without prior approval by the Committee through a contract modification.

If the Committee approves the amendment of the CCA contract to a \$44 daily rate, and given that funding is currently available in the Department's contracts appropriation, the Co-chairs may wish to certify the release of \$1,660,600 GPR from unallotted reserve to support increased costs for the remainder of 2000-01.

According to the Department, the result of the denial of Corrections' requested amendment to the contract is unclear. While CCA may decide to continue to honor the contract, the possibility exists that the contract could be terminated.

ALTERNATIVES

1. Approve the Department's request to include the following amendment to the current CCA: "The undersigned hereby agree to extend the Contractual Services Contract between the State of Wisconsin Department of Corrections and the Corrections Corporation of America. The extension is entered into pursuant to Article 2, section 2.1 of said contract. The term of the extension shall be from December 22, 2000, to December 21, 2001. All other terms and conditions of the contract shall remain the same." Further, specify that, pursuant to authority granted to the Co-chairs by the Committee at the December 21, 1999, s.13.10 meeting, the Co-chairs certify the release of \$1,660,600 GPR from the unallotted reserve funding in Corrections' correctional contracts and agreements appropriation (s. 20.410(1)(ab)) to support increased contract costs for the remainder of 2000-01.

2. Approve a one-year extension of the contract between the Department of Corrections and the Corrections Corporation of America, from December 22, 2000, to December 21, 2001, with the following modifications: (a) modify Section 3 of the current contract with CCA to specify that the rates charged by CCA will be \$44 per day for the period of December 22, 2000 to December 21, 2001, and \$45.32 per day for the period of December 22, 2001 to December 21, 2002; and (b) specify that the transfer of inmates to CCA facilities other than those approved in Section 3 of the current contract is prohibited without prior approval by the Committee through a contract modification. Further, specify that, pursuant to authority granted to the Co-chairs by the Committee at the December 21, 1999, s.13.10 meeting, the Co-chairs certify the release of \$1,660,600 GPR from the unallotted reserve funding in Corrections' correctional contracts and agreements appropriation (s. 20.410(1)(ab)) to support increased contract costs for the remainder of 2000-01.

3. Approve a one-year extension of the contract between the Department of Corrections and the Corrections Corporation of America, from December 22, 2000, to December 21, 2001, with the following modifications: (a) modify Section 3 of the current contract with CCA to specify that the rates charged by CCA will be \$44 per day beginning December 22, 2000; and (b) specify that the transfer of inmates to CCA facilities other than those approved in Section 3 of the current contract is prohibited without prior approval by the Committee through a contract modification. Further, specify that, pursuant to authority granted to the Co-chairs by the Committee at the December 21, 1999, s.13.10 meeting, the Co-chairs certify the release of \$1,660,600 GPR from the unallotted reserve funding in Corrections' correctional contracts and agreements appropriation (s. 20.410(1)(ab)) to support increased contract costs for the remainder of 2000-01.

4. Deny the request.

Prepared by: Jere Bauer

MO# A-173

BURKE /	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A
DECKER	N	N	(N)	(N)	(N)	(N)	(N)	(N)	N	N	N	N	N	N	N	N	(N)
JAUCH	(Y)	(Y)	Y	Y	Y	Y	Y	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)
MOORE																	
SHIBILSKI																	
PLACHE																	
COWLES																	
DARLING																	
GARDNER																	
PORTER																	
KAUFERT																	
ALBERS																	
DUFF																	
WARD																	
HUBER																	
RILEY																	

CORRECTIONS

Corrections Corporation of America Contract Bed Daily Rate Increase
[Agenda Item VIII]

Motion:

Move to specify that the Corrections Corporation of America (CCA) contract with the Department of Corrections be amended to include a provision to require CCA to provide Corrections with copies of all internal audits, including operational, security, health care services and financial audits, upon completion of the audits. Require the Department of Corrections to provide public access to all internal audits provided to the Department by CCA.

MO# 323

BURKE	2	(Y)	N	A
DECKER		(N)	(N)	A
JAUCH		(Y)	N	A
MOORE	1	(Y)	N	A
SHIBILSKI		(Y)	N	A
PLACHE		(Y)	N	A
COWLES		Y	(N)	A
DARLING		Y	(N)	A
GARD		Y	(N)	A
PORTER	Hirsch	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 7 NO 9 ABS _____

CORRECTIONS

Access to Records
[Agenda Item VIII]

Motion:

Require the Department of Corrections to provide public access to all records related to operational, security and health care services, including final mortality reviews, in its possession.

↓
Brian amdt

MO# 324 ramdt

BURKE ²	(Y)	N	A
DECKER	(Y)	N	A
JAUCH	(Y)	N	A
MOORE ¹	(Y)	N	A
SHIBILSKI	(Y)	N	A
PLACHE	(Y)	N	A
COWLES	Y	(N)	A
DARLING	Y	(N)	A
GARD	(Y)	N	A
PORTER <i>Huchsel</i>	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 9 NO 7 ABS

VIII. Department of Corrections – Jon Litscher, Secretary

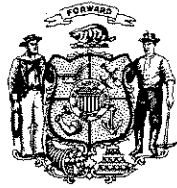
The department requests approval to exercise the extension of the current master contract for out-of-state prison beds with the Corrections Corporation of America through December 21, 2001. In conjunction with this approval, the department also requests certification by the Co-chairs for the release of \$1,660,600 GPR from unallotted reserve in s. 20.410(1)(ab), corrections contracts and agreements, in fiscal year 2000-01 to fund the rate increase for the remainder of fiscal year 2000-01.

Governor's Recommendation

Approve the request.

Tommy G. Thompson
Governor

Jon E. Litscher
Secretary



State of Wisconsin Department of Corrections

Mailing Address

149 East Wilson Street
Post Office Box 7925
Madison, WI 53707-7925
Telephone (608) 266-2471
Fax (608) 267-3661

December 22, 2000

The Honorable Brian Burke, Co-Chair
Joint Committee on Finance
316 South State Capitol
Madison, Wisconsin 53702

Representative John Gard, Co-Chair
Joint Committee on Finance
315 North State Capitol
Madison, Wisconsin 53702

Dear Senator Burke and Representative Gard:

Thank you for supporting the Department of Correction's (DOC's) s. 13.10 requests before the Joint Committee on Finance earlier this week. I would like to take this opportunity to respond to a misunderstanding regarding the Department of Correction's handling of the s. 13.10 request for extension of the Corrections Corporation of America (CCA) contract.

While I regret that I was unable to appear before the Committee, I was informed that some members of the Committee felt the Department had somehow already entered into an agreement with CCA for an extended contract with a \$2 per day rate increase. I want to emphatically assure the Committee that the Department did not, would not, and in fact could not have made such an agreement without the prior approval of the Joint Committee on Finance. As is the case with all state contracts, the CCA contract contains the standard "non-appropriation clause" which allows for the termination of a contract in the event of non-appropriation of funds. The purpose of the most recent s. 13.10 was to secure the Committee's approval of the extension of the contract, the modification to the contract (rate increase) and the release of funds to cover the proposed rate increase.

I would also like to assure the Committee that the Department aggressively attempted to negotiate the best rate possible when it came time to extend the contract. You may not be aware, but for the contract period just ending (December 22, 1999 – December 21, 2000), the Department successfully forestalled a proposed rate increase by CCA and was able to maintain the \$42 per day rate. Negotiations for the current contract period (December 22, 2000 – December 21, 2001) were not as successful since CCA insisted on the rate of \$44 per day. It is also apparent through our latest round of negotiations, that CCA will expect a rate of \$45.32 per day when it is time to renew the contract for the December 22, 2001- December 21, 2002 period. At the time of the next extension, we will make every effort to negotiate the lowest rate

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Senator Brian Burke
Representative John Gard
December 22, 2000
Page 2

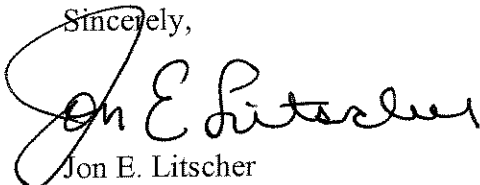
possible. In any event, the final authority to extend the contract and approval of the rate at which the State agrees to pay will remain with the Joint Committee on Finance.

Lastly, I would like to respond to the concern that this recent rate increase came as a surprise. The Department has always anticipated the possibility of rate increases since the cost of food, medical, salaries, etc. continues to increase. In fact, the Governor's 1999-01 budget contained funding for possible increases in the daily rate for contract beds in anticipation of projected cost increases. When the Joint Committee on Finance discussed the issue of contract beds as part of its budget deliberations, the Committee approved an alternative (A.3.) in Legislative Fiscal Bureau paper #331 that placed \$935,900 GPR in 1999-00 and \$1,866,600 GPR in 2000-01 in the Committee's supplemental appropriation for release to Corrections to fund anticipated contract bed rate increases.

In closing, I personally assure members of the Committee that the Department has consistently and will continue to bring these matters before the Committee for action before any commitments are made. There was no intent to mislead the Committee regarding the contract with CCA, as was suggested by some of the Committee members. I hope that this clarifies the Department's commitment to keeping the Committee informed on issues that affect out-of-state contract beds.

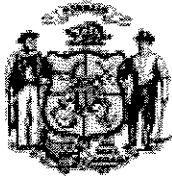
I look forward to working with the Committee through the budget process as we attempt to bring additional inmates back to Wisconsin.

Sincerely,



Jon E. Litscher
Secretary

cc: Members, Joint Committee on Finance
Bob Wood, Governor's Office
Secretary Lightbourn, DOA
Richard G. Chandler, DOA
Robert Lang, LFB



Legislative Fiscal Bureau

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

May 27, 1999

Joint Committee on Finance

Paper #331

Contract for Prison Beds (DOC--Adult Correctional Facilities)

[LFB 1999-01 Budget Summary: Page 166, #4]

CURRENT LAW

Base funding for the correctional contracts appropriation, which is used to support contracts with public and private providers of prison beds and for temporary lockup of offenders from the Division of Community Corrections, is \$62,785,900 GPR annually.

GOVERNOR

Increase the \$62.8 million base funding by an additional \$52,383,500 GPR in 1999-00 and \$100,027,100 GPR in 2000-01 to fully fund existing contract beds and to purchase additional contract prison beds. Under AB 133, total contract prison bed funding would be as follows:

	<u>1999-00</u>	<u>2000-01</u>
Existing Beds	\$87,845,700	\$88,867,600
Additional Beds	<u>27,323,700</u>	<u>73,945,400</u>
Total	\$115,169,400	\$162,813,000

DISCUSSION POINTS

1. The Governor recommends funding for the following: (a) full funding of existing contract prison and jail beds (\$25,059,800 in 1999-00 and \$26,081,700 in 2000-01 to support contracts with the Corrections Corporation of America (CCA) for space in Tennessee and Oklahoma, the federal government for space in West Virginia and Minnesota, Wisconsin and Texas counties for jail space, the Division of Juvenile Corrections' Prairie du Chien Correctional (PDC) facility and Wisconsin counties for temporary lockup of offenders from the Division of Community Corrections); and (b) additional contract prison beds (\$27,323,700 in 1999-00 and \$73,945,400 in 2000-01).

Funding of Existing Contract Prison and Jail Beds

2. Table 1 identifies total funding provided in AB 133 for existing prison and jail contracts in 1999-00 and 2000-01. The Committee should note: (a) the correctional contracts appropriation funds the costs of both prison bed contracts used to house additional inmates and jail beds used for the temporary lockup of center system inmates and probation and parole holds; (b) the funding provided assumes that the cost per day, per inmate charged by CCA (\$42 in 1998-99) and Milwaukee County (\$58 in 1998-99) will increase by \$1 per day during each year of the biennium; (c) the funding provided assumes that the cost per day at the Prairie du Chien Correctional Facility, operated under contract by the Division of Juvenile Corrections, will increase from approximately \$66 per day to \$80 per day in 1999-00 and \$82 per day in 2000-01; and (d) 2000 is a leap year and, therefore, even if the assumed costs per day do not change, costs in 1999-00 will be higher than in 2000-01.

TABLE 1
Full Funding of Existing Correctional Contracts
1999-00 and 2000-01

<u>Contract</u>	<u>1999-00</u> <u>Amount</u>	<u>1999-00</u> <u>Beds</u>	<u>2000-01</u> <u>Amount</u>	<u>2000-01</u> <u>Beds</u>
Out-of-State Prison Bed Contracts				
Federal--Duluth, MN	\$6,588,000	400	\$6,570,000	400
Federal--Alderson, WV (Females)	4,318,800	200	4,307,000	200
Corrections Corporation of America--TN	23,607,000	1,500	24,090,000	1,500
Corrections Corporation of America--OK	16,635,100	1,057	16,975,400	1,057
Texas Counties	<u>10,248,000</u>	<u>700</u>	<u>10,220,000</u>	<u>700</u>
Total Out-of-State Prison Beds	\$61,396,900	3,857	\$62,162,400	3,857
In-State Prison Bed Contracts				
Federal--Oxford, WI	\$823,500	50	\$821,300	50
Wisconsin Counties	6,675,800	304	6,657,600	304
Prairie du Chien Correctional Facility	<u>8,784,000</u>	<u>300</u>	<u>8,979,000</u>	<u>300</u>
Total In-State Prison Beds	\$16,283,300	654	\$16,457,900	654
Total Contract Prison Beds	\$77,680,200	4,511	\$78,620,300	4,511
Non-Prison Bed Contracts				
Temporary Lockup Center System				
--WI Counties	\$1,647,000	75	\$1,642,500	75
Temporary Lockup Intensive Sanctions				
--Milwaukee County	109,800	5	109,500	5
Probation and Parole Holds				
--WI Counties	<u>8,408,700</u>	<u>425</u>	<u>8,495,300</u>	<u>425</u>
Total Non-Prison Bed Contracts	\$10,165,500	505	\$10,247,300	505
Total Contract Bed Funding	\$87,845,700	5,016	\$88,867,600	5,016
Total Base Funding	\$62,785,900		\$62,785,900	
Increase Under AB 133	\$25,059,800		\$26,081,700	

3. Under current law, the Joint Committee on Finance acting under s. 13.10 or the Legislature by law is required to approve any prison contract which places ten or more inmates in out-of-state facilities. To date, the Joint Committee on Finance has given Corrections approval for 3,857 contract beds out-of-state.

4. Under actions in s. 13.10, the Committee has adopted provisions which allow Corrections to modify specific provisions within existing contracts with limited or no further Committee approval. Specifically, the Committee has adopted the following two provisions:

a. In 1998-99 only, Corrections is authorized to submit amendments related to the number of beds in authorized contracts to the Co-chairs, as long as the total projected cost for the contract beds (including currently authorized beds) does not exceed the total amount of funding available for prison contracts in 1998-99. This authority was provided at the June 23, 1998, s. 13.10 meeting. On October 28, 1998, this authority was used to increase the number of beds with CCA in Oklahoma from 400 to 700 beds, and to increase the number of beds for female offenders in West Virginia from 120 to 200 beds. The Department's authority to make modifications to the contracts under this authority expires at the end of the current fiscal year.

b. At the December 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. This authority applies in perpetuity.

5. 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. Since the estimated cost per day, per bed in Texas is lower than that in West Virginia, costs could be reduced by \$278,200 in 1999-00 and \$277,400 in 2000-01 to reflect these modifications.

6. The Division of Adult Institutions (DAI) currently contracts with the Division of Juvenile Corrections (DJC) for the use of the Prairie du Chien Correctional Facility for 300 young male offenders sentenced to prison. In calculating the daily rate for the facility, expenditures associated with positions which have never been filled were included. These positions were originally created for staffing of a juvenile facility and are not being used for the adult facility. In addition, reduced costs at the facility associated with a departmental reorganization item were not included when calculating the rate. As a result of these factors, under AB 133 DAI is charged a rate that is higher than DJC's estimated costs.

7. There are currently 33.72 PR positions at Prairie du Chien that have been vacant since at least January, 1997. These positions add an estimated \$1,709,000 annually to the total cost for contracting. If these costs are removed and the reduced costs associated with the reorganization are included, the daily rates decrease to approximately \$64 per day in 1999-00 and \$66 per day in 2000-01 (compared to the \$80 and \$82 per day under AB 133). These rates are similar to current

per day costs at the facility. Using the reestimated rates, funding provided for contract beds could be reduced by \$1,756,800 in 1999-00 and \$1,752,000 in 2000-01.

8. With regard to the vacant Prairie du Chien Facility positions, the Committee could choose among three different alternatives: (a) delete \$1,709,000 PR and 33.72 PR positions annually, thereby requiring DJC to request funding and positions in the future if the Facility expands or when, as provided under the bill, it reverts to a juvenile facility in July, 2001; (b) delete \$1,709,000 PR annually but allow DJC to retain the position authorization so that positions remain in the Facility's base budget for use when revenue is available or when the Facility reverts to a juvenile facility; or (c) make no change in PR expenditure and position authority.

9. The Governor's recommendation provides an increase of \$1 per day annually in connection with the CCA contract. Since legislative approval is required for any contract modification, and since the per day cost is a provision that would require an amendment to the contract, it could be argued that the Governor's recommendation related to CCA should not be approved until Corrections submits an amended contract for Committee approval. If the Committee wishes, \$935,900 in 1999-00 and \$1,866,600 in 2000-01 could be placed in the Committee's supplemental appropriation for release to Corrections once a modified contract is approved by the Committee.

Additional Contract Prison Beds

10. In addition to funding provided for existing contract beds, AB 133 also provides \$27,323,700 in 1999-00 and \$73,945,400 in 2000-01 for additional contract prison space for prison inmates. The Governor's recommendation is estimated to support an additional 1,659 contract beds in 1999-00 and 4,502 contract beds in 2000-01 at an average cost of \$45 per day per inmate. No locations for the beds are specified and, as a result, funding could be utilized to support additional in-state and/or out-of-state contracts.

11. In AB 133, Corrections indicates that it will have 15,551 inmates in state correctional facilities in 1999-00 and 16,810 in 2000-01. Using operating capacity figures that include new or expanded facilities and the population estimates in AB 133, and assuming that all inmates over the totals identified would be housed in contracted facilities, Corrections' facilities will house female offenders at 137% of operating capacity during the 1999-01 biennium and house male inmates at 133% in 1999-00 and 130% in 2000-01.

12. Based on reestimated correctional facilities populations of 20,843 in 1999-00 and 23,937 in 2000-00, the number of inmates being placed in contract facilities can be reduced by 878 in 1999-00 and 1,886 in 2000-01. As a result, contract funding could be reduced by \$14,460,600 in 1999-00 and \$30,977,600 in 2000-01. These estimates are contained in the May 11, 1999, letter to the Finance Committee's Co-chairs from this office regarding general fund revenues and expenditures for the 1999-01 biennium.

13. Given that the Committee must approve any contract for the transfer of ten or more

inmates out-of-state, the Committee may wish to place the increased funding associated with additional contract prison beds in the Committee's supplemental appropriation for future release based on an identification by Corrections of where the additional beds will be located and contract terms. This alternative would allow the Committee to release funding as contracts are approved. If funding placed in the Committee's appropriation is not needed during the 1999-01 biennium, it will lapse to the general fund on June 30, 2001.

ALTERNATIVES TO BASE

A. Existing Contract Bed Funding

1. Approve the Governor's recommendation to provide \$25,059,800 GPR in 1999-00 and \$26,081,700 GPR in 2000-01 to support existing contracts with the Corrections Corporation of America (CCA) for space in Tennessee and Oklahoma, the federal government for space in West Virginia and Minnesota, Wisconsin and Texas counties for jail space, the Division of Juvenile Corrections' Prairie du Chien Correctional (PDC) facility and Wisconsin counties for temporary lockup of offenders from the Division of Community Corrections.

<u>Alternative A1</u>	<u>GPR</u>
1999-01 FUNDING (Change to Base)	\$51,141,500
<i>[Change to Bill]</i>	<i>0</i>

2. Provide \$23,024,800 GPR in 1999-00 and \$24,052,300 GPR in 2000-01 to support existing prison and jail bed contracts. This alternative modifies the Governor's recommendation by: (a) reestimating funding associated with the current Texas county jail contract and the contract with the federal government for the West Virginia facility (-\$278,200 in 1999-00 and -\$277,400 in 2000-01); and (b) reducing funding associated with the Prairie du Chien Correctional Facility contract (-\$1,756,800 in 1999-00 and -\$1,752,000 in 2000-01).

<u>Alternative A2</u>	<u>GPR</u>
1999-01 FUNDING (Change to Base)	\$47,077,100
<i>[Change to Bill]</i>	<i>-\$4,064,400</i>

3. In addition to Alternatives A1 or A2, place \$935,900 GPR in 1999-00 and \$1,866,600 GPR in 2000-01 in the Committee's supplemental appropriation for release to Corrections once a modified contract with the Corrections Corporation of America has been approved by the Committee.

B. Prairie du Chien Vacancies

1. Delete \$1,709,000 PR and 33.72 PR positions annually associated with long-term position vacancies at the Prairie du Chien Correctional Facility.

<u>Alternative B1</u>	<u>PR</u>
1999-01 FUNDING (Change to Base)	- \$3,418,000
<i>[Change to Bill</i>	<i>- \$3,418,000]</i>
2000-01 POSITIONS (Change to Base)	- 33.72
<i>[Change to Bill</i>	<i>- 33.72]</i>

2. Delete \$1,709,000 PR annually associated with the salary and fringe benefit costs of long-term position vacancies at the Prairie du Chien Correctional Facility in 1999-00 and 2000-01.

<u>Alternative B2</u>	<u>PR</u>
1999-01 FUNDING (Change to Base)	- \$3,418,000
<i>[Change to Bill</i>	<i>- \$3,418,000]</i>

3. Maintain current law.

C. Additional Contract Prison Beds

1. Approve the Governor's recommendation to provide \$27,323,700 GPR in 1999-00 and \$73,945,400 GPR in 2000-01 for additional contract prison beds.

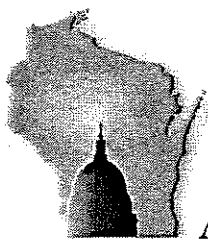
<u>Alternative C1</u>	<u>GPR</u>
1999-01 FUNDING (Change to Base)	\$101,269,100
<i>[Change to Bill</i>	<i>\$0]</i>

2. Provide \$12,863,100 GPR in 1999-00 and \$42,967,800 GPR in 2000-01 for additional contract prison beds. This alternative modifies the Governor's recommendation by reestimating the number of contract beds based on revised correctional facility population projections (-\$14,460,600 in 1999-00 and -\$30,977,600 in 2000-01).

<u>Alternative C2</u>	<u>GPR</u>
1999-01 FUNDING (Change to Base)	\$55,830,900
<i>[Change to Bill</i>	<i>- \$45,438,200]</i>

3. In addition to Alternatives C1 or C2, place any funding provided for additional contract prison beds in the Committee's appropriation for future release based on an identification by Corrections of where the additional beds will be located and contract terms.

Prepared by: Jere Bauer



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

TOMMY G. THOMPSON
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY

Office of the Secretary
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1741
Fax (608) 267-3842
TTY (608) 267-9629

Date: December 15, 2000

To: Members, Joint Committee on Finance

From: George Lightbourn, Secretary
Department of Administration *George Lightbourn*

Subject: Section 13.10 Request from the Department of Corrections for a Daily Rate Increase for Out-of-State Contract Beds.

Request

The department requests approval to exercise the extension of the current master contract for out-of-state prison beds with the Corrections Corporation of America through December 21, 2001. In conjunction with this approval, the department also requests certification by the Co-chairs for the release of \$1,660,600 GPR from unallotted reserve in s. 20.410(1)(ab), corrections contracts and agreements, in fiscal year 2000-01 to fund the rate increase for the remainder of fiscal year 2000-01.

Background

1999 Wisconsin Act 9 placed \$1,866,600 GPR in the Joint Committee on Finance's supplemental appropriation for release to the Department of Corrections (DOC) in fiscal year 2000-01 to fund anticipated out-of-state contract bed rate increases. The funds were to be placed in the supplemental appropriation for release to DOC once a modified contract with the Corrections Corporation of America (CCA) was approved by the Joint Committee on Finance.

DOC currently has the authority and funding for 4,803 CCA beds. A December 1999 s. 13.10 action conditionally placed \$7,450,400 GPR in unallotted reserve in s. 20.410(1)(ab), corrections contracts and agreements, to be released to DOC as needed with certification by the Joint Committee on Finance Co-Chairs. Due to a stabilization of the inmate population, these funds have not been used. As of December 1, 2000 there were 4,360 Wisconsin inmates in CCA facilities. The department anticipates utilizing 4,347 CCA beds for the remainder of fiscal year 2000-01.

Members, Joint Committee on Finance
Page 2
December 15, 2000

Analysis

The current one-year contract between DOC and the Corrections Corporation of America (CCA) provided an option to renew for two additional one-year periods by mutual agreement of the parties. The department requests approval to extend the current contract with CCA through December 21, 2001.

The rate will increase from \$42.00 to \$44.00 per bed per day for December 22, 2000 through December 21, 2001, as provided by RFP #C-519 that was incorporated into the contract with CCA. Based on 4,347 daily occupied beds from December 22, 2000 through June 30, 2001, DOC requests the release of \$1,660,600 GPR of the \$7,450,400 GPR that was placed in unallotted reserve in the department's contract bed appropriation to fund the rate increase for the remainder of fiscal year 2000-01.

Recommendation

Approve the request.

Prepared by: Jana D. Steinmetz
266-2213

Tommy G. Thompson
Governor

Jon E. Litscher
Secretary



State of Wisconsin
Department of Corrections

Mailing Address

149 East Wilson Street
Post Office Box 7925
Madison, WI 53707-7925
Telephone (608) 266-2471
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DATE: November 29, 2000

TO: The Honorable Brian Burke, Co-Chair
Joint Committee on Finance
Room 316 South, State Capitol
Madison, WI 53702

The Honorable John Gard, Co-Chair
Joint Committee on Finance
Room 315 North, State Capitol
Madison, WI 53702

FROM: Jon E. Litscher, Secretary

A handwritten signature in cursive script that reads "Jon E. Litscher".

SUBJECT: §13.10 Request -- Contract Bed Daily Rate Increase

Request

The Department of Corrections (DOC) requests approval to extend the current master contract for out-of-state prison beds with the Corrections Corporation of America (CCA) as provided by Article 2, section 2.1 of the contract. The rate that CCA will charge for the period December 22, 2000 to December 21, 2001 will be \$44.00 per day and the rate that will be charged for the period December 22, 2001 to December 21, 2002 will be \$45.32 per day. In conjunction with this approval, the Department also requests certification by the Co-Chairs for the release of \$1,660,600 GPR to fund the rate increase for the remainder of FY01.

Background

The Governor's 2001-2003 Biennial Budget included funding for anticipated out-of-state contract bed rate increases. During Joint Committee on Finance (JCF) deliberations, the Committee elected to place \$1,866,600 GPR in the Committee's supplemental appropriation §20.865(4)(a) to fund anticipated contract bed rate increases. The Committee indicated that these funds were to be placed in the supplemental appropriation for release to DOC once a modified contract with the CCA was approved by the Committee.

Although DOC currently has authority and funding for 4,803 CCA beds, \$7,450,400 GPR of this funding was placed in unallotted reserve in the Department's contract bed appropriation §20.410(1)(ab), Corrections contracts and agreements. These reserve funds have not been used since populations within the Department have stabilized over the past six months. As authorized

in December 1999 §13.10 action, the Department requires certification by the Committee's Co-Chairs for the release of these funds.

Analysis

The attached extension reflects the renewal of the existing master contract with CCA. The rate that CCA will charge for the period December 22, 2000 to December 21, 2001 will be \$44.00 per day and the rate that will be charged for the period December 22, 2001 to December 21, 2002 will be \$45.32 per day. These rates are pursuant to CCA's response to the Department's Request for Purchase #C-519 dated September 2, 1999.

DOC is requesting certification by the Co-Chairs for the release of \$1,660,600 GPR, currently in unallotted reserves in the Department's appropriation §20.410(1)(ab), Corrections contracts and agreements, to pay for the contract increases for the remainder of FY01. This reflects an increase of \$2.00 per day for 4,347 beds from December 22, 2000 through June 30, 2001.

Summary

The Department of Corrections requests approval to extend the current master contract with the Corrections Corporation of America (CCA). The Department is also requesting certification by the Co-Chairs for the release of \$1,660,600 GPR to fund contract increases for the remainder of FY01. Funding for this increase would be derived from funds currently allocated in unallotted reserve in appropriation §20.410(1)(ab), Corrections contracts and agreements.

cc: Robert Lang, Legislative Fiscal Bureau
George Lightbourn, Department of Administration

Prepared by: Dawn Woeshnick, Bureau of Budget and Facilities Management

EXTENSION OF THE CONTRACTUAL SERVICES CONTRACT
BETWEEN THE WISCONSIN DEPARTMENT OF CORRECTIONS
AND THE CORRECTIONS CORPORATION OF AMERICA

The undersigned hereby agree to extend the Contractual Services Contract between the State of Wisconsin Department of Corrections and the Corrections Corporation of America. The extension is entered into pursuant to Article 2, section 2.1 of said contract. The term of the extension shall be from December 22, 2000, to December 21, 2001. All other terms and conditions of the contract shall remain the same.

IN WITNESS WHEREOF, the parties hereunto affix their signatures below.

State of Wisconsin
Department of Corrections

By: _____
Jon E. Litscher, Secretary

Dated: _____

Corrections Corporation of America

By: _____
John Ferguson, President

Dated: _____

13.10 Meeting
December 19, 2000
Agenda Item IX

Issue: Elections Board: Request for Computer Database Conversion, Improvement and Support Costs

Comments:

Alternative A2

Approves the Elections Board's request for funding for an external consultant to develop and finalize business requirements for the Elections Board computer database conversion project (including electronic filing of campaign finance information) and oversee the selection of a vendor to complete the project.

In addition, require the Elections Board to report to JFC and DOA cost estimates for software development and ongoing maintenance prior to entering into any contract with the selected vendor. Such oversight is clearly needed for a project that has drained time and resources with not much to show for it, forcing us to essentially start from scratch.

Alternative B3

This is the most cost-effective alternative. The campaign finance database application would be moved to new hardware that is supported by the manufacturer and with which DOA is familiar. While DOA believes there is an 80% to 90% chance for a successful transfer, it is worth it. This is the preferred and least expensive alternative.

Staff Recommendation: Alternatives A2 and B3

Prepared by: Deb



Legislative Fiscal Bureau

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

December 19, 2000

TO: Members
Joint Finance Committee

FROM: Bob Lang, Director

SUBJECT: Elections Board: Section 13.10 Request for Computer Database Conversion, Improvement and Support Costs -- Agenda Item IX

REQUEST

The Elections Board requests a one-time supplement of \$218,000 GPR from the Joint Committee on Finance's GPR appropriation under s. 20.865(4)(a) to its GPR general program operations appropriation under s. 20.510(1)(a). Of this amount, \$160,000 is requested to retain an external information technology (IT) consultant who would further develop and finalize business system requirements for the Elections Board computer database conversion project (including electronic filing of campaign finance information), and who would oversee the selection of a vendor to complete the project including a final implementation plan/timeline. The Board further requests that the Committee direct the Department of Administration (DOA) to oversee this project by designating a staff person to oversee the selection and work of the external IT consultant, and to provide that no funding be released for the hiring of the external IT consultant without the approval of DOA. Finally, \$58,000 is requested to provide funding for DOA IT support for the campaign finance database and associated operating system while the approach to replacing this database is considered.

BACKGROUND

The Elections Board was provided a total of \$334,300 in the 1997-99 biennium for a database software conversion and campaign finance electronic filing enhancements information technology project. Of this amount, \$271,200 GPR was appropriated in the 1997-99 budget, \$12,000 GPR was provided by the Committee at its December 18, 1997, s. 13.10 meeting and an additional \$51,100 (from GPR and PR sources) was provided by the Committee at its April 21,

1999, s. 13.10 meeting. The Board indicated at the later meeting that an additional \$11,100 GPR would be required to complete the project in 1999-00 but that those funds would come from that year's budget. In order to fund this outstanding need and ongoing IT costs, 1999 Wisconsin Act 9 included \$31,200 GPR annually as base IT funding for the 1999-01 biennium.

The Elections Board requested an additional one-time supplement of \$769,200 GPR at the July, 2000, s. 13.10 meeting. The Board contended that this supplement, along with \$50,000 GPR in 1999-00 base resources, would allow it to complete its computer database conversion project, including electronic filing of campaign finance information. The Committee deferred action on this request and instead provided one-time supplemental funding of \$35,000 GPR for the Board to contract with an IT consultant for development of an IT plan for the project. The plan was to include an identification of the Board's immediate IT needs under the project, cost estimates for project completion, and performance benchmarks to be met by a software contractor. The Committee further provided that DOA was to designate a staff person to oversee the selection and work of this consultant and that no funds were to be released for this consultant without the approval of DOA. Finally, the Committee directed that the consultant's report be provided to DOA and the Committee no later than November 15, 2000.

The total funding for this project, prior to the current request, was \$380,400. In addition, the project software developer, Enterprise Solutions Technology Group (ESTG), has submitted \$336,983.90 in unpaid invoices. DOA has formally disputed these billings on behalf of the Elections Board and is negotiating with ESTG on behalf of the Elections Board to resolve this dispute.

The project consists of two interrelated software development efforts. The first is a conversion of the current agency database used by Board staff to administer elections activities and campaign finance reports. The second is an electronic campaign filing enhancement that would allow electronic filing and retrieval of campaign finance report information over the internet.

Conversion of Existing Database

A total of \$145,200 GPR was provided in the 1997-99 biennium for contract staff to rewrite and convert the existing computer database system -- termed SWEBIS, for "State of Wisconsin Elections Board Information System" -- from a system utilizing an Ingres database (SWEBIS 1) to a system using an Oracle database (SWEBIS 2). Of this amount, \$168,400 was appropriated for this purpose in the 1997-99 budget and an additional \$24,600 was provided by the Committee at its April, 1999, s. 13.10 meeting. This database is used by Board staff to administer elections and campaign finance activity. In terms of election administration, the converted database will be used to verify ballot access and certify election candidates and results. The campaign finance module of the conversion will allow the Board to electronically identify participants, ensure that required reports are filed, ascertain compliance with applicable laws and aid auditors in the enforcement of campaign finance laws.

Electronic Filing Enhancements

The second part of the project, for which the Legislature provided a total of \$189,100 in the 1997-99 biennium, is to add an enhancement to the new database system that is under development to allow those registrants required to file periodic campaign finance reports with the Board to submit their reports electronically. (In addition, the planned enhancements would allow the public to access the agency's elections and campaign finance database by accessing a site on the internet.) Of the amount provided, \$114,800 was appropriated in the 1997-99 budget and the Committee subsequently provided an additional \$27,600 at its April, 1999, s. 13.10 meeting for this purpose.

Project Timetable

The completion date of this project has slipped multiple times. When the Committee acted in December, 1997, to release funds for the campaign finance electronic filing component, Board staff indicated that it expected that both projects would be completed by May 1, 1998, at which time testing would be undertaken. Subsequently, at the Committee's April, 1999, 13.10 meeting, Board staff then indicated that the two project components were expected to be completed no later than June 30, 1999, to meet the statutory requirement that campaign finance reports be able to be filed electronically for registrants with \$20,000 or more in campaign activity beginning on June 30, 1999. The Board staff now indicates that they cannot give an expected completion date for either of the components of the project.

November 15, 2000 Report

The State Elections Board IT project review report was submitted to DOA and the Committee on November 15, 2000. The report was to have provided an identification of the Board's immediate IT needs under this project, cost estimates for project completion, and performance benchmarks to be met by a software developer. However, when Virchow, Krause & Company, LLP (VK), the IT consultant, began its review, it discovered that: (a) a documented set of business requirements for the system did not exist; (b) no design specification or functional specification had been created to guide the software development process; (c) the existing cost estimates were based on educated guesses by the contractor rather than a systematic or reliable method of attaching hours to the system functions to be programmed; and (d) without a business requirements document, design specification or functional specification on which to base the proposed work, it was impossible to determine whether the proposed programming tasks would satisfy the Elections Board's requirements. As a result, DOA and the consultant refocused the study to: (a) develop a weighted identification of what the Elections Board would need the new software to do; (b) identify the gaps between the Elections Board computer project and Elections Board needs; and (c) lay out a strategy for how the Elections Board should proceed. Without further study of the options that exist as to how to proceed with this project, the consultant was unable to project how much it might cost to complete the Elections Board computer project. (Given experiences of other states, not based on specific proposals addressing specific program elements, rough estimates range from \$1,500,000 to \$3,000,000 over a five-year period.)

The report summarized the current status of the Elections Board computer project. "While the election administration functions are operational and in use, they still require significant programming to become fully functional and they lack appropriate controls and user efficiencies. The campaign finance functions have not yet been developed, forcing the Elections Board to continue using its old and obsolete system. The electronic filing function is not in use, and its current design and development tools are not viable. It needs to be started over." The report states that "the SWEBIS 2 system remains substantially incomplete, and numerous critical problems plague the project, including inadequate project management, the absence of system specifications to guide development, obsolete and unsupported development tools, an electronic filing design that is not viable, inadequate information technology (IT) management skills, and insufficient funding and staff for ongoing system maintenance and help desk support." The report concludes that "[t]he Elections Board should not continue the SWEBIS 2 development project in its current form, and should not proceed with the funding and approach recommended by the Elections Board to the Joint Legislative Committee on Finance on July 6, 2000".

Instead, the report proposes a three-step plan to move the current Elections Board computer project to completion. The first step would provide for external project management. The report concludes that Elections Board personnel do not have sufficient IT management expertise to manage a project of this scope. The second step would be to hire a consultant to conduct an analysis to fully evaluate the system options available. The IT consultant would be responsible for further developing and finalizing the business requirements of the project, making the "build vs. buy" decision (buy a pre-packaged program or develop software from scratch), screening potential IT vendors who would complete the project and making the final IT vendor selection. The third step would be to implement the solution with the selected vendor.

ANALYSIS

The Board's current request consists of two components. The first deals with retaining an external IT consultant who would further develop and finalize business system requirements for the Elections Board computer database conversion project (including electronic filing of campaign finance information), and who would oversee the selection of a vendor to complete the project, as identified in the consultant report submitted to the Committee on November 15, 2000. The second component of the request deals with providing funding for DOA IT support for the campaign finance database and to potentially acquire hardware to support this database while the approach to replacing this database is considered.

Before discussing each of these components, it should be noted that the Elections Board funding request is significantly larger than the amount currently available in the unreserved portion of the Committee's supplemental GPR appropriation. As of the Committee's last meeting, the remaining unreserved balance in the Committee's GPR appropriation was \$40,700. To provide the level of funding (\$218,000 GPR) requested by the Board, the Committee would have to provide

funding for this activity from the available balances in the Department of Corrections, contract bed reserved portion of the Committee's appropriation.

Funding for External Project Manager IT Consultant for a Software Development Plan

The Elections Board requests \$160,000 GPR (based on cost estimates provided by DOA) to retain an external IT consultant who would: (a) further develop and finalize business system requirements for the Elections Board computer database conversion project, including electronic filing of campaign finance information; (b) complete a final implementation plan/timeline; (c) develop specific and reliable cost estimates for the project; and (d) and oversee the selection of a vendor to implement the project design specifications. It is anticipated that these steps would take approximately six to seven months. Funding for actual project implementation would not be provided under this request. Approval by the Committee at this time under s. 13.10 action for the pre-implementation steps would allow for reliable cost estimates to be available as part of the 2001-03 biennial budget deliberations.

The \$160,000 cost for completion of the tasks identified above was contained in the November 15, 2000 report. DOA has provided details of these tasks, along with cost estimates associated with each task, as indicated below.

<u>Task</u>	<u>Cost</u>
Select DOA oversight project manager and external consultant	None
Project management and planning	\$38,000
Review and document function processes	25,000
Finalize business system requirements	10,000
Identify potential vendors	10,000
Develop request for information (RFI) and review responses	22,000
Develop demonstration scripts	20,000
Manage demonstration process	20,000
Prepare cost estimates, select vendor and recommend implementation project management	<u>15,000</u>
TOTAL	\$160,000

In reviewing the request, a few points should be noted. While the November 15, 2000 report has identified what the Elections Board needs the software to be able to do, \$25,000 would be used to expand on this by identifying data entry redundancies in the current system that could be eliminated, as well as identifying how the current Elections Board processes in other ways could be improved. Finalizing the business system requirements for the project would involve: (a) determining the IT infrastructure requirements; (b) determining the outsourcing and vendor qualification requirements; and (c) establishing system requirements, both statutory and operational, for each of the four system components: elections administration, campaign finance, electronic filing and system architecture. Identification of potential vendors would involve first developing a list of potential vendors, screening the vendors using high priority business requirements, and then

narrowing the list down to a vendor short list. Depending on the results of the search, the short list could either be a list of pre-packaged IT software vendors or "build from scratch" IT vendors.

To select a vendor, a request for information (RFI) would be developed and submitted to the short list of vendors, their responses would be evaluated and vendor finalists would be selected. The RFI would allow the IT consultant to gather more information from the short list of vendors as to how solid a match they are to the project. Development of demonstration scripts and management of the demonstration process would involve identifying processes that would need to be integrated into the new software and developing a "demonstration" to determine how well the competing vendors products match up to the needs of the Elections Board. The last step of this project would involve making a final vendor selection, engaging in high-level next stage implementation planning with the selected vendor, developing a project management structure for next stage implementation and developing project cost projections.

The November 15 report makes clear, and DOA and the Elections Board concur, that the SWEBIS 2 development project should not continue in its present form. While the project has resulted in a preliminary database operating for election administration, numerous problems exist in the election administration component, including inability of the system to determine if certain statutorily-mandated requirements are met, limited reporting capabilities, and the absence of certain crucial elements such as the ability to properly accommodate votes. The other two major pieces of the system, campaign finance administration and electronic filing of campaign finance reports, are not operational. The database for campaign finance administration is currently maintained on outdated hardware and software, further described in the second part of this request. Although required by law, there is no capability at the present time for electronic filing.

It appears that if the Elections Board is to develop the database system as authorized and/or mandated by the Legislature, considerable additional resources will need to be provided. The request before the Committee for \$160,000 GPR would provide the management, planning and development work that need to occur before a new approach can be implemented. The cost to actually develop and maintain the system is still not known; one of the products of the proposed project is for reliable cost estimates. As indicated above, costs could potentially range from \$1.5 to \$3 million over the next five years.

The Elections Board is submitting this request under s. 13.10 at this time because the Board is out of compliance with statutory requirements for electronic filing. Funding at this time could also allow for reliable costs estimates for consideration during the 2001-03 budget deliberations. While approval of this request would not commit the Legislature to project implementation, it could be argued that approval of this request at this time would make it difficult for the Legislature to not proceed with implementation. Alternatively, if funding is not provided at this time, the request could be considered as part of the budget. This would, however, result in additional project delays and make it difficult to estimate project costs for budget deliberations.

Information Technology Support and Hardware for the Campaign Finance Database

The Elections Board is requesting \$58,000 GPR for DOA to provide IT support for the existing campaign finance database and associated operating system. The Elections Board has experienced software and hardware problems associated with its campaign finance database (SWEBIS 1). The hardware and software of the 12-year old system are no longer supported by their manufacturers. Funding for maintenance of this database is not in the Elections Board's current budget, because the data was supposed to be converted to the new database whose development has been halted (although \$31,200 annually was provided for maintenance of the new system.) DOA has developed three scenarios to maintain the current database through the end of 2000-01, with three different cost estimates. The Board's request for \$58,000 represents the most expensive alternative, which is also the least favored approach. Each scenario is briefly discussed below.

Information Technology Support for Campaign Finance Database and Associated Operating System. The request for \$58,000 consists of a one-time cost of \$27,000 to allow DOA personnel to become familiarized with the database and the operating system, and an additional \$31,200 to provide for ongoing DOA system administration and maintenance of the database and operating system, at a charge of \$75 per hour. The \$31,200 request is overstated because it assumes 12 months of funding, rather than funding only for the final six months of 2000-01. Also, after further discussions with DOA, it has been determined that the ongoing system administration and maintenance time needed can be reduced. With these changes, the request could be reduced by \$26,900, to \$31,100. This amount would only be needed if the other two options discussed below are found to not be feasible.

Information Technology Support and Stand-by Hardware. Under the second scenario, \$27,600 GPR would be needed for DOA to provide IT support and to acquire a backup of the existing hardware to minimize the risks associated with aging equipment. This alternative is less expensive than the first even though it includes the acquisition of back-up hardware because it would take less time for DOA personnel to learn and maintain the old system if there is a backup. However, it is not known whether DOA could find this hardware for purchase.

Information Technology Support and New Hardware. Under the third scenario, the campaign finance database application would be moved to new hardware that is supported by the manufacturer and with which DOA is familiar. This is the preferred and the least expensive alternative (\$15,600). However, at this time, DOA is not sure whether the campaign finance database application can be successfully moved to the new hardware. (DOA believes there is an 80% to 90% likelihood of success).

Without additional funding, the Elections Board would be at risk for a shut-down of their current campaign finance database, without funding or staff expertise to correct the problem. Under any of the scenarios, DOA would take over maintenance of the system. The Committee could choose to provide \$31,100 GPR to cover the most expensive, but least preferred alternative. Alternatively, the Committee could choose to provide \$15,600 for the preferred alternative. If this

alternative was selected and subsequently it was determined that conversion to the new hardware was not possible, there would be the possibility that the Board would need to submit another request under s. 13.10 at a later point.

ALTERNATIVES

A. Funding for External IT Consultant for a Software Development Plan

1. Approve the Elections Board request to provide a supplement in 2000-01 of \$160,000 GPR in one-time funding from the Committee's appropriation under s. 20.865(4)(a) reserved for contract prison beds to the Elections Board's general program operations appropriation under s. 20.510(1)(a) to retain an external IT consultant who would further develop and finalize business system requirements for the Elections Board computer database conversion project (including electronic filing of campaign finance information), and who would oversee the selection of a vendor to complete the project. Direct the Department of Administration to oversee the project by designating a staff person to oversee the selection and work of the external IT consultant. Provide that no funding be released for the hiring of the external IT consultant without the approval of DOA.

2. Approve alternative 1. In addition, prior to entering into any contract with a vendor selected by the external IT consultant, require the Elections Board to submit a report to the Joint Committee on Finance and the Department of Administration as to the work and conclusions of the external IT consultant, including cost estimates for software development and ongoing maintenance.

3. Deny the request.

B. Information Technology Support and Hardware for the Existing Campaign Finance Database

1. Approve the Elections Board's request for \$58,000 GPR in one-time funding in 2000-01 from the Committee's appropriation under s. 20.865(4)(a) reserved for contract prison beds to the Elections Board's general program operations appropriation under s. 20.510(1)(a) for maintenance support of the existing campaign finance database.

2. Provide \$31,100 GPR in one-time funding in 2000-01 from the Committee's appropriation under s. 20.865(4)(a) reserved for contract prison beds to the Election Board's general program operations appropriation under s. 20.510(1)(a). This alternative reflects six months rather than 12 months of funding and reflects revised maintenance costs estimates of the database and operating system.

3. Provide \$15,600 GPR in one-time funding in 2000-01 from the Committee's appropriation under s. 20.865(4)(a) reserved for contract prison beds to the Election Board's general

program operations appropriation under s. 20.510(1)(a) for maintenance support of the existing campaign finance database. This alternative reflects the Board's preferred approach of purchasing new hardware.

4. Deny the request.

Prepared by: Paul Onsager

MO# A2 & B3

BURKE 1	(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
DARLING	(Y)	N	A
GARD 2	(Y)	N	A
PORTER <i>H. closed</i>	(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

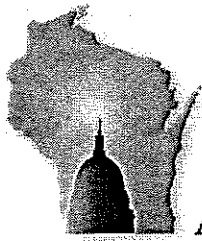
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IX. Elections Board – Kevin Kennedy, Executive Director

The board requests a one-time supplement of \$218,000 GPR in fiscal year 2000-01 from the Committee's appropriation under s. 20.865(4)(a) for the board's general program operations appropriation under s. 20.510(1)(a) to implement the first two steps of the proposed information technology plan prepared by a consultant. Of the funding requested, \$160,000 will be used for 1) a six month study to determine whether the board should acquire or develop software to be used by the board to administer elections and for the electronic filing of campaign finance reports, and 2) to redefine the project management approach being used to develop and implement the filing system. The remainder of the funding, \$58,000, is to preserve and maintain current agency operations during the development and implementation of the new system.

Governor's Recommendation

Approve the request.



WISCONSIN DEPARTMENT OF
ADMINISTRATION

TOMMY G. THOMPSON
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY

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Date: December 15, 2000

To: Members, Joint Committee on Finance

From: George Lightbourn, Secretary
Department of Administration

Subject: Section 13.10 Request from the Elections Board for the Continued Funding of Electronic Filing Software and the Conversion of its database, SWEBIS.

Request

The board requests a one-time supplement of \$218,000 GPR in fiscal year 2000-01 from the Committee's appropriation under s. 20.865(4)(a) for the board's general program operations appropriation under s. 20.510(1)(a) to implement the first two steps of the proposed information technology plan prepared by a consultant. Of the funding requested, \$160,000 will be used for 1) a six-month study to determine whether the board should acquire or develop software to be used by the board to administer elections and for the electronic filing of campaign finance reports, and 2) to redefine the project management approach being used to develop and implement the filing system. The remainder of the funding, \$58,000, is to preserve and maintain current agency operations during the development and implementation of the new system.

Background

In the 1997-99 budget the Elections Board received \$168,400 GPR in fiscal year 1997-98 for the conversion of its database, SWEBIS, from an INGRES based application to an ORACLE based application in anticipation of the passage of 1997 Assembly Bill 150 and 1997 Senate Bill 109, companion bills which required electronic filing of campaign finance reports for registrants who accept \$20,000 or more during a campaign period. The Elections Board uses SWEBIS to administer elections and campaign finance activity, including areas such as ballot access, certification of election candidates and election results, campaign donors, campaign finance report compliance, and auditing of reports to enforce campaign laws. 1997 Assembly Bill 150 and 1997 Senate Bill 109 eventually became 1997 Wisconsin Act 230.

The electronic filing enhancement in SWEBIS, known as WEBfiler, is software that is designed to allow registrants to file campaign finance reports electronically. Currently filers use paper forms. The Elections Board estimates that approximately 10% of filers will be required to file electronically based on the criterion above. These filers account for most of the actual campaign finance information filed with the board. Campaign finance reports thus filed are expected to be accessible on the Election Board's website, also currently under development. In 1997 the Elections Board hired Enterprise Solutions Technology Group (ESTG) to convert the database and to create WEBfiler.

At the s. 13.10 meeting on December 18, 1997, the Joint Committee on Finance approved a supplement of \$102,800 GPR, plus \$12,000 additional GPR in funding for the electronic filing enhancement. The Elections Board paid ESTG \$58 per hour in fiscal year 1998-99 and \$60 per hour in the current biennium to complete the combined project.

At the s. 13.10 meeting on April 21, 1999, the Joint Committee on Finance approved a supplement of \$52,200 GPR and PR funding in fiscal year 1998-99 to fund the further development of WEBfiler and to complete the conversion of SWEBIS. In seeking this supplement, the Elections Board argued that unforeseen problems related to the conversion of SWEBIS and the development of WEBfiler required additional funding to continue the project. These problems included original cost and time estimates that were found to be unrealistic, contractor personnel turnover, and technical software development problems.

1999 Wisconsin Act 9 approved an additional \$31,200 GPR annually in fiscal years 1999-2000 and 2000-01 to fund 520 hours of contractor assistance at \$60 dollars per hour to keep SWEBIS operational and functioning at critical filing deadlines and for future software design and access issues as they arise. At that time the Elections Board believed the project would be completed by July 1, 2000 when electronic filing of campaign finance reports was to begin and that the funding requested was needed for ongoing maintenance.

At the s. 13.10 meeting on July 12, 1999 the Elections Board requested \$769,000 GPR to pay existing contractor obligations of approximately \$250,000 and the remainder to complete the project based on the estimate of the contractor. The Joint Committee on Finance deferred action on the board's request for supplemental funding for continued software conversion and electronic filing system development costs. Instead, the Committee directed the board to return to the Committee under s. 13.10 when it determined what exact amount is required to meet existing contractor obligations, with the understanding that no funds would be provided for any contractor work performed after July 12, 2000. The Committee provided a one-time supplement of \$35,000 GPR and directed the board to use those funds to contract with an IT consultant for development of an

IT plan for the project. The plan was to include an identification of the board's immediate IT needs under the project, cost estimates for the project's completion, and performance benchmarks to be met by a software contractor. The Department of Administration [DOA] was required to designate a staff person to oversee the selection and work of the consultant. The consultant's report was provided as required to DOA and to the Joint Committee on Finance on November 15, 2000.

In summary, since the passage of 1997 Wisconsin Act 27 the Elections Board has received \$401,600 in GPR and PR funding for the conversion of the SWEBIS database.

Analysis

As the result of the July 12, 2000 s. 13.10 meeting Virchow, Krause & Company was hired to review the Elections Board's existing software conversion and electronic filing system development project developed by Enterprise Solutions Technology Group (ESTG). This consultant worked with the board to develop an IT plan based on the business needs of the Elections Board which they helped the board identify.

The following problems related to the project were identified:

- Database conversion of SWEBIS II (Oracle system) remains substantially incomplete.
- Management is inadequate.
- Specifications to guide development are absent.
- Development tools are obsolete and unsupported.
- Electronic filing design is not viable.
- IT management skills are lacking.
- Funding and staff for ongoing system maintenance and help desk support are insufficient.

The consultant recommended that the board discontinue the development of SWEBIS II (Oracle-based system), the board's database system and WEBfiler, the electronic filing software being developed by ESTG. Instead, the board should implement a new project management approach utilizing external resources. It should fully evaluate the system options available, focusing on third party off-the-shelf software packages in an outsourced model as a primary option and custom designed software in an outsourced IT model as a secondary option. Using the new project management approach a new system solution would be chosen based on the business needs of the board and on its total cost, including the board's ability to implement and maintain the new system. These evaluations are expected to take approximately six months to complete and a new system is estimated to cost \$1.5 million to \$3 million dollars over a five year period to

Members, Joint Committee on Finance
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implement, maintain and support. This estimate is based on the experiences of other states who now have implemented similar projects and other initial research of the IT industry. The consultant was not able to develop a firmer cost for the project because no written business plan or system specifications had been written for the project upon which an accurate estimate of a total cost could be based.

Recommendation

Approve the request.

Prepared by: Deborah A. Uecker
267-0371

State of Wisconsin \ Elections Board

IX

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JOHN P. SAVAGE
Chairperson

KEVIN J. KENNEDY
Executive Director

November 29, 2000

The Honorable Brian Burke, Co-Chair
Joint Committee on Finance
316 South, State Capitol
Madison, WI 53702

The Honorable John Gard, Co-Chair
Joint Committee on Finance
315 North, State Capitol
Madison, WI 53702

Dear Senator Burke and Representative Gard:

The State Elections Board requests the Joint Committee on Finance (JCF) to approve a request for \$218,000 in supplemental funding pursuant to section 13.10 Wis. Stats. This request implements the recommendations of the report prepared by Virchow, Krause & Co. (V-K) for the Department of Administration (DOA) at the direction of the JCF at its July 12, 2000 meeting. A copy of that report was distributed to Committee members following its release date of November 15, 2000.

Summary of Request

The State Elections Board requests the JCF provide a one-time supplement to the agency's general program operations budget [s.20.510(1)(a)] in the amount of \$218,000 GPR. The Elections Board needs this amount to implement the first two steps of the proposed information technology (IT) plan described in the V-K Report for the acquisition or development of software it uses to manage agency operations and software for electronic filing of campaign finance information from registrants. Of this amount \$160,000 would be used for externally contracted project management resources to correct the current project approach and begin the Request for Information (RFI) process to identify costs and select the solution to the project. An additional \$58,000 would be used to preserve and maintain current agency operations during the development and implementation of the new system.

Background

In July of this year the Elections Board presented problems it encountered in completing this project to the JCF along with a proposal for funding to complete the project. The JCF decided to defer action on funding and direct the Board to return to the Committee under s.13.10, when it determined the exact amount required to meet existing contractor obligations, with the understanding that no funds would be provided for any contractor work performed after July 12, 2000.

The JCF also provided one-time supplemental funding of \$35,000 GPR and directed the Board to contract with an IT consultant for development of an IT plan for the project. The plan was to include an identification of the Board's immediate IT needs under the project, cost estimates for project completion, and performance benchmarks to be met by a software contractor. The JCF directed DOA to designate a staff person to oversee the selection and work of the consultant. The consultant's report was to be provided to DOA and the JCF by November 15, 2000.

Following the action of the JCF, the Elections Board and the Department of Administration selected Virchow, Krause & Co. to review the SWEBIS 2 development project and make recommendations regarding its completion. The report prepared by V-K recommends the Elections Board not continue the SWEBIS 2 development project in its current form and not proceed along the lines laid out in its proposal presented to the JCF on July 12, 2000. The report also recommends the Elections Board complete the following project steps:

- Implement a new project management approach utilizing external resources;
- Conduct an analysis to fully evaluate system options available, focused on third party software packages in an outsourced IT model as a primary option and custom software development in an outsourced IT model as a secondary option;
- Select a new system solution based on an accurate total cost of ownership, the Elections Board staff's ability to implement and maintain the new system, and the ability of a new system to meet prioritized business requirements for elections administration, campaign finance, electronic filing, the technical environment; and,
- Implement the chosen solution.

See Consultant's November 15, 2000 report on page 2.

\$160,000 of the requested amount would be used to implement the first two steps of the proposed information technology (IT) plan described in the V-K Report.

The V-K Report also describes the fragile status of the current agency operating system. The original application is twelve years old. Both the Ingres database version in which it is written and the server on which it is operating are no longer supported by the manufacturer. The Elections Board has been working with DOA to implement a plan that will stabilize the current application and maintain it during the development of the new project.

\$58,000 of the requested amount would be used to stabilize the current application. The Department of Administration would acquire a new version of Ingres and transfer SWEBIS 1 to a new hardware platform that could be maintained by DOA for the Elections Board.

The Elections Board has requested DOA to include a placeholder for future funding in its biennial budget request for the agency. This amount will be determined through implementing the first two steps of the IT plan proposed in the V-K report.

The Elections Board has also been working with Enterprise Solutions Technology Group, Inc. (ESTG) to determine the amount owed for work done on the project through July 12, 2000. ESTG has submitted \$336,983.90 in unpaid bills. The bulk of this amount was not submitted until August 15, 2000. The Department of Administration has formally disputed these billings on behalf of the Elections Board. The Department of Administration is negotiating with ESTG on behalf of the Elections Board to resolve this matter.

Justification

An emergency exists because the Elections Board needs to complete the conversion of SWEBIS to carry out its basic administrative operations. The Elections Board must also complete the electronic filing software application so that registrants can file campaign finance information electronically.

The Elections Board is required by law to provide software to registrants with campaign activity of \$20,000 or more for electronic filing. S. 11.21 (16), Stats. The electronic filing software (WEBfiler) is not done and the database application (SWEBIS) in which the campaign finance information would be placed is not complete.

The Elections Board staff has had difficulty managing the project. The staff resources are not sufficient to effectively monitor a project of this scope. Key agency personnel can not set aside other responsibilities to manage this project full time. The project management approach suggested in the V-K Report is designed to enhance the project's success.

The Board is currently using two applications to carryout its administrative functions. The original application is ten years old. The manufacturer no longer supports the software and hardware the application utilizes. The new application is not complete. The Elections Board has no choice but to complete the project. This requires more money.

There are not sufficient funds available in the agency budget to pay development costs.

The legislature has authorized the purposes for which the funding would be used. The database conversion and electronic filing were funded by decision items in the 1997-99 agency budget and 1997 Wisconsin Act 230.

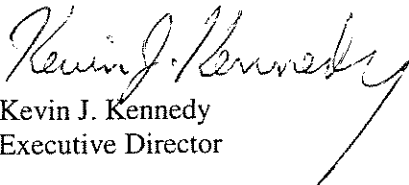
Request

The Elections Board estimates it needs \$218,000 in additional funding to complete the project and requests the following action to address our problem:

1. Authorize \$218,000 in GPR funding to implement steps one and two of the IT plan described in the V-K Report and stabilize the existing IT system.
2. Direct the Department of Administration to oversee the next step of the project by designating a staff person to oversee the selection and work of outside project management.
3. Provide that no funds be released for hiring outside project management without the approval of DOA.

I will represent the Elections Board at the December 19, 2000 meeting of the JCF. The Department of Administration will also have representatives at the hearing including a representative of Virchow, Krause & Co. Thank you for your consideration of this request.

State Elections Board


Kevin J. Kennedy
Executive Director

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