



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #227

Fuel and Utilities Reestimates (DOC -- Departmentwide)

[LFB 2003-05 Budget Summary: Page 110, #7]

CURRENT LAW

Base funding for fuel and utilities in the Department of Corrections is \$12,497,600 GPR.

GOVERNOR

Provide \$970,600 GPR in 2003-04 and \$1,154,100 GPR in 2004-05 for estimated fuel and utility costs for the Division of Adult Institutions.

DISCUSSION POINTS

1. Based on actual usage, fuel and utility costs are estimated to increase to \$13,361,300 GPR in 2003-04 and \$13,549,000 GPR in 2004-05. In addition, SB 44 estimates: (a) masterlease costs associated with energy efficiency projects at \$453,500 GPR annually; (b) non-fuel related administrative costs of \$30,700 GPR annually; and (c) fuel and utility needs for future correctional facilities of \$194,700 GPR in 2003-04 and \$278,100 GPR in 2004-05. Total funding for fuel and utilities is \$14,040,200 GPR in 2003-04 and \$14,311,300 GPR in 2004-05.

2. Actual expenditures for fuel and utility expenditures were \$12,419,700 GPR in 2000-01 and \$13,082,400 in 2001-02. Budgeted costs in 2002-03 are \$12,497,600 GPR.

3. In estimating Corrections' fuel and utility costs for the 2003-05 biennium, the Department's base budget was assumed to be \$13,069,600 in 2003-04 and \$13,157,200 in 2004-05. This is \$572,000 GPR in 2003-04 and \$659,600 GPR in 2004-05 higher than the Department's actual base funding. As a result, the amounts provided in SB 44 for fuel and utilities understate Corrections' estimated costs.

4. In reviewing the Department's fuel and utility costs, the following points should be noted:

a. Funding for new or expanded correctional institutions or correctional centers was improperly included in the calculation of fuel and utility costs. In the Department's 2003-05 budget request, the Department proposed opening prison expansions at the Oshkosh, Jackson, Oakhill, and Prairie du Chien Correctional Institutions, and at the McNaughton, Sanger Power, and Milwaukee Women's Correctional Centers. In addition, Corrections' requested funding associated with the opening of two inmate workhouses, and the probation and parole hold facility in Sturtevant. Some of the institutions for which funding was requested were not included in SB 44 (Jackson, Oakhill, and Prairie du Chien Correctional Institutions, and McNaughton, and Sanger Power Correctional Centers). For the other facilities (Oshkosh Correctional Institution, Milwaukee Women's Correctional Center, the two inmate workhouses, and the probation and parole hold facility in Sturtevant), fuel and utility costs are included with the individual facilities, and are, therefore, double counted in SB 44. Removal of these items results in a reduction of \$194,700 GPR in 2003-04 and \$278,100 GPR in 2004-05.

b. Eight current energy efficiency projects in the correctional facilities are being financed using the state's masterlease program. Costs of the projects are repaid over a period of time from the fuel and utilities appropriation. Revised estimates for the lease payments result in an increase of \$14,100 GPR in 2003-04 and \$13,600 GPR in 2004-05.

c. The estimated funding for fuel and utilities includes non-fuel administrative costs. If this item were removed, costs could be reduced by \$30,700 GPR annually.

d. Correction of a calculation error related to the costs of pellets and other fuels would reduce costs by \$27,300 GPR in 2004-05.

5. In total, as a result of the modifications identified above, fuel and utility costs are estimated be \$360,700 GPR in 2003-04 and \$337,200 GPR in 2004-05 higher than funding provided in SB 44. If the Committee wishes, increased fuel and utilities funding could be provided.

6. As an alternative to increasing Corrections' fuel and utilities appropriation at this time, \$360,700 GPR in 2003-04 and \$337,200 GPR in 2004-05 could be placed in the Committee's supplemental appropriation for release to Corrections if fuel and utility costs exceed available funding. Any funding which is not released to Corrections and remains in the Committee's appropriation at the end of the biennium would lapse to the general fund.

7. Actual fuel and utilities costs are dependent on a number of factors including fuel prices and weather conditions. Given these variables, it is unknown whether funding above that recommended by the Governor may be necessary. If actual costs in 2003-04 or 2004-05 exceed the total amount of fuel and utilities funding that is provided, Corrections could request additional funding through s. 13.10.

ALTERNATIVES

1. Approve the Governor's recommendation to provide \$970,600 GPR in 2003-04 and \$1,154,100 GPR in 2004-05 for estimated fuel and utility costs for the Division of Adult Institutions. [If an adjustment to these amounts are necessary during the 2003-05 biennium, the Department could submit a request to the Committee under s. 13.10.]

2. Modify Alternative 1 to provide an additional \$360,700 GPR in 2003-04 and \$337,200 GPR in 2004-05 for fuel and utility costs in the Department of Corrections.

<u>Alternative 2</u>	<u>GPR</u>
2003-05 FUNDING (Change to Bill)	\$697,900

3. Modify Alternative 1 to place \$360,700 GPR in 2003-04 and \$337,200 GPR in 2004-05 in the Joint Committee on Finance supplemental appropriation for possible release to the Department of Corrections for fuel and utility expenditures.

<u>Alternative 3</u>	<u>GPR</u>
2003-05 FUNDING (Change to Bill)	\$697,900

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