



Legislative Fiscal Bureau

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May 15, 2003

Joint Committee on Finance

Paper #236

Population and Inflationary Cost Increases (DOC -- Adult Corrections)

[LFB 2003-05 Budget Summary: Page 112, #2]

CURRENT LAW

Statewide, the Department of Corrections operates 34 maximum-, medium- and minimum-security correctional facilities, including 18 adult prisons and 16 correctional centers. Funding to support the costs of providing food, variable non-food costs, and inmate health care are provided separately from other institutional costs. Base funding for these costs is \$70,809,300 GPR annually (\$25,004,400 GPR for food costs, \$15,826,200 GPR for variable non-food costs, and \$29,978,700 GPR for inmate health care costs).

GOVERNOR

Provide \$17,532,300 GPR in 2003-04 and \$20,673,100 GPR in 2004-05 to reflect population-related cost adjustments for prisoners in facilities operated by the Division of Adult Institutions as follows: (a) \$471,500 GPR in 2003-04 and \$1,101,500 GPR in 2004-05 for food costs; (b) \$1,933,200 GPR in 2003-04 and \$1,966,600 GPR in 2004-05 for variable non-food costs, such as clothing, laundry, inmate wages, and other supplies; and (c) \$15,127,600 GPR in 2003-04 and \$17,605,000 GPR in 2004-05 for inmate health care.

DISCUSSION POINTS

1. Inmate variable costs at the state correctional facilities are affected by several factors, including total population in the facilities and inflationary increases. In SB 44, the Governor generally used the inmate variable costs estimated by the Department of Corrections in September, 2002, in its 2003-05 agency budget request. However, in SB 44, DOA reduced the inmate health variable to account for use of regional hospitals. Based on a review of general inflationary rates and Corrections' health cost trends, however, funding for food and inmate health care costs should be modified.

2. Under SB 44, funding for food costs is assumed to increase by 2.4% annually. More recent inflationary estimates project increases at 1.95% in 2003-04 and 1.85% in 2004-05. As a result, food costs may be reduced.

3. Under the bill, the per capita inmate health care costs, including pharmaceutical costs, the University of Wisconsin healthcare contract, and hospital service contracts are estimated to increase by 20.1% in 2003-04 over 2002-03, and by 5.3% in 2004-05 over 2003-04. Over the last five years, the annual rate of growth in per capita inmate health costs has varied from a 17.1% annual rate from 1998-99 to 2002-03, to an annual rate of 12.2% from 2000-01 to 2002-03. Based on inmate health costs over the 2001-03 biennium, a lower rate of growth may be more appropriate. Costs in 2004-05 are estimated to increase at a slower rate as a result the Department's use of contracts with four or five local hospitals closer to existing correctional facilities. Use of the regional hospitals is intended to reduce the reliance of Corrections on services provided through the University of Wisconsin Hospital and Clinics.

4. In 2003 Act 1, \$7,269,800 GPR was provided in 2002-03 for inmate health care. Total funding for inmate health care in 2002-03 is \$37,822,100.

5. As a result of the modifications, total funding for food would be \$25,430,300 GPR in 2003-04 and \$25,922,200 GPR in 2004-05; funding for inmate health care would be \$42,041,000 GPR in 2003-04 and \$44,393,000 GPR in 2004-05. Funding for variable non-food costs would remain unchanged from levels provided in SB 44 at \$17,759,400 GPR in 2003-04 and \$17,792,800 GPR in 2004-05. Per capita costs under the bill would be as follows:

	<u>2002-03</u>	<u>SB 44</u>		<u>Reestimate</u>	
		<u>2003-04</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2004-05</u>
Food*	\$1,160.99	\$1,184.77	\$1,213.21	\$1,183.63	\$1,205.53
Health	1,954.28**	2,347.94	2,472.39	2,193.46	2,309.71
Variable Non-Food	954.24	954.24	954.24	954.24	954.24

*Not including facilities in which food service is provided under contract (Milwaukee Secure Detention Facility and the Racine Youthful Offender Correctional Facility).

**Estimated base on funding provided through 2003 Act 1.

6. Inmate variable funding provided under the bill does not include food, variable non-food and inmate health care costs associated with the opening of correctional facilities. Inmate costs for new facilities are included with the specific facility proposed to be opened.

MODIFICATION

Modify the Governor's recommendation by deleting \$3,110,900 GPR in 2003-04 and \$3,374,400 GPR in 2004-05 associated with inmate food and health costs.

<u>Modification</u>	<u>GPR</u>
2003-05 FUNDING (Change to Bill)	- \$6,485,300

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