



Legislative Fiscal Bureau

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May 31, 2011

Joint Committee on Finance

Paper #257

Change General Program Operations Appropriation from Annual to Biennial Appropriation (Corrections -- Departmentwide)

[LFB 2011-13 Budget Summary: Page 144, #10]

CURRENT LAW

The Department of Corrections' general programs operations appropriation [s. 20.410(1)(a)] is an annual appropriation to operate adult institutions and provide field services and administrative services. Base funding for the appropriation is \$698,930,600 GPR in 2010-11 with 7,748.74 positions.

GOVERNOR

Change the s. 20.410(1)(a) appropriation from an annual appropriation to a biennial appropriation.

DISCUSSION POINTS

1. As defined under Chapter 20 of the statutes, there are the following appropriation types:

a. Annual Appropriations. Annual appropriations are expendable only up to the amount shown in the appropriation schedule and only for the fiscal year in which the appropriation is made. At the end of the fiscal year, any unencumbered balances revert to the fund from which monies were appropriated.

b. Biennial Appropriations. Biennial appropriations are expendable only for the biennium for which they are made. Amounts *shown* in each year of the appropriation schedule represent the most reliable estimates of the amounts which would be expended in each year, the total for both years being the biennial appropriation. Any unencumbered balances at the end of the

first fiscal year of the biennium are transferred to the amounts for the second year of the biennium. At the end of the biennium, the unencumbered balances revert to the fund from which monies were appropriated.

c. Continuing Appropriations. Continuing appropriations are expendable until fully depleted or repealed by a subsequent action of the Legislature. The amount of a continuing appropriation for a given fiscal year consists of the unencumbered balance in the appropriation at the end of the previous fiscal, if any, together with any monies appropriated for, or revenues received during, the given fiscal year. Dollar amounts shown in the appropriation schedule represent the most reliable estimates of the amounts to be expended during any fiscal year.

d. Sum Sufficient Appropriations. Sum sufficient appropriations are expendable from the indicated source in the amounts necessary to accomplish the purpose specified. Dollar amounts shown in the *appropriation* schedule represent the most reliable estimate of the amounts which will be needed.

2. The Department of Corrections' general programs operations appropriation [s. 20.410(1)(a)] is an annual appropriation with base funding of \$698,930,600 GPR for 2010-11 with 7,748.74 GPR positions. The bill would modify s. 20.410(1)(a) from an annual to a biennial appropriation. As a result, instead of any unencumbered balances reverting to the general fund at the end of the first fiscal year of the biennium, those amounts would be transferred to the amounts appropriated for the second year of the biennium. According to the Department:

"The biggest reason for the change is to allow flexibility in funding between the two fiscal years of the biennium. If this appropriation has a surplus at the end of the first year, then that funding would be available during the second year. Conversely, if there was a shortage in the first year then the Department could utilize funds from the second year to get through that fiscal year. This appropriation handles the greatest portion of Corrections' funding and programming, having flexibility for the first year of the biennium would allow the Department to handle costs from any unanticipated changes in population."

3. As indicated above, if the appropriation were changed from an annual appropriation to a biennial appropriation, the Department would have more flexibility to administrate funding between the fiscal years. The Committee may wish to approve the provision and provide the Department with this flexibility.

4. On the other hand, providing the Department more flexibility to administer the funding over the biennium, instead of within each fiscal year, arguably lessens the Legislature's oversight over the Department's expenditures from the appropriation. As the Department indicates, the appropriation handles the greatest portion of Corrections' spending. Recent legislative actions related to the appropriation's funding needs have included: (a) providing \$12.7 million in the 2009-11 biennial budget, Act 28, for a 2008-09 deficit associated with salary costs and supplies and services; (b) approving Corrections' s.13.10 request in June, 2010, to transfer \$6.3 million from other appropriations associated with salary costs and supplies and services in 2009-10; and (c) addressing a \$27.9 million deficit in the appropriation for 2010-11 by providing \$19.5 million GPR and transferring funding from other appropriations. If the appropriation were changed to a biennial one, legislative oversight of similar funding issues would decrease. As such, the Committee may

wish to delete the provision in order to maintain the current level of legislative oversight of Corrections' spending. As is current practice, legislative actions may be taken if future funding issues arise.

ALTERNATIVES

1. Approve the Governor's recommendation to change the Department's general program operations appropriation [s. 20.410(1)(a)] from an annual appropriation to a biennial appropriation.

2. Delete provision.

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