



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #230

### Overtime Funding (Corrections -- Departmentwide)

[LFB 2015-17 Budget Summary: Page 117, #1 and #2]

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#### CURRENT LAW

Under the Department of Administration's 2015-17 budget instructions to state agencies, standard budget adjustments are defined as a "category of cost changes common across all agencies that are considered "housekeeping" in nature and are required to continue a base level of services into the next biennium." Standard budget adjustments include items such as full funding of salary and fringe benefits, overtime, removal of non-continuing elements, and turnover reductions.

#### GOVERNOR

Provide base budget funding for overtime of \$32,762,700 GPR and \$1,457,600 PR annually under standard budget adjustments. In addition, provide \$7,892,600 GPR and \$19,300 PR annually as an overtime supplement.

Under other standard budget adjustments, funding would be modified by -\$38,152,700 GPR and -\$1,744,100 PR annually for the following adjustments to the base budget: (a) turnover reduction (-\$10,943,700 GPR, and -\$460,800 PR annually); (b) removal of non-continuing items (-\$82,100 GPR annually); (c) full funding of salaries and fringe benefits (-\$34,501,800 GPR and -\$1,584,700 PR annually); and (d) night and weekend differential (\$7,374,900 GPR and \$301,400 PR annually). The following table identifies the total changes related to Corrections' standard budget adjustments, including supplemental funding for overtime:

**Department of Corrections**  
**AB 21/SB 21 Standard Budget Adjustments**  
**2015-17**

<u>Budget Item</u>	<u>Annual</u>			<u>Biennial</u>
	<u>GPR</u>	<u>PR</u>	<u>Total</u>	
Overtime Removed Under Full Funding of Salary & Fringe Benefits	-\$34,033,800	-\$1,510,900	-\$35,544,700	-\$71,089,400
Other Adjustments to Full Funding of Salary & Fringe Benefits (salary, fringe, removal of night and weekend differential)	-468,000	-73,800	-541,800	-1,083,600
Turnover	-10,943,700	-460,800	-11,404,500	-22,809,000
Removal of Non-Continuing	-82,100	0	-82,100	-164,200
Night and Weekend Differential	<u>7,374,900</u>	<u>301,400</u>	<u>7,676,300</u>	<u>15,352,600</u>
Standard Budget Adjustments, Excluding Overtime	-\$38,152,700	-\$1,744,100	-\$39,896,800	-\$79,793,600
Overtime Standard Budget Adjustment Funding	\$32,762,700	\$1,457,600	\$34,220,300	\$68,440,600
Overtime Supplement	<u>7,892,600</u>	<u>19,300</u>	<u>7,911,900</u>	<u>15,823,800</u>
	\$40,655,300	\$1,476,900	\$42,132,200	\$84,264,400
Total Standard Budget Adjustments Plus Overtime Supplement	\$2,502,600	-\$267,200	\$2,235,400	\$4,470,800

**DISCUSSION POINTS**

1. Under standard budget adjustments in the budget, funding associated with overtime (and night and weekend differential) are removed in the calculations of full funding of salaries and fringe benefits. The budget instructions specify that only the same amounts currently budgeted for overtime may be included under standard budget adjustments, modified for the new fringe benefit rates for the upcoming biennium.

2. The Department was budgeted \$34,033,800 GPR and \$1,510,900 PR annually for overtime in 2013-15. Under the bill, these amounts were adjusted by applying the 2015-17 variable fringe benefit rate (15.65%), so overtime funding under standard budget adjustments would be \$32,762,700 GPR and \$1,457,600 PR annually.

3. The budget instructions further specify that overtime costs related to workload factors which agencies fund through base reallocations may be provided as supplemental funding. Historically, Corrections' overtime funding is budgeted based on the prior year's average hours of overtime, adjusted for the new variable fringe benefit rate for the upcoming biennium. Based on the Department's 2013-14 average weekly overtime hours (28,409 hours for all positions), the Department would need a total of \$41,146,300 GPR and \$1,476,900 PR in overtime for each year. Subtracting the amounts provided under standard budget adjustments, supplemental funding would be \$8,383,600 GPR and \$19,300 PR annually.

4. Under the bill, overtime amounts are further reduced as a result of utilizing limited-term employees (LTEs) to supervise inmate hospitalizations (known as medical vigils). Savings were calculated based on the difference between overtime costs for 36 correctional officers for 40 hours (\$1,246,700 annually) and 36 LTE officers for 40 hours (\$755,700 annually). Utilizing LTEs instead of full-time staff would provide savings as a result of paying lower fringe benefit rates. With this proposal, the bill would reduce supplemental funding by \$491,000 annually. The following table identifies the bill provisions related to correctional overtime.

**Annual Department of Corrections Budgeted Overtime  
2015-17**

	<u>GPR</u>	<u>PR</u>	<u>Total</u>
AB 21/SB 21 Standard Budget Adjustments*	\$32,762,700	\$1,457,600	\$34,220,300
2015-17 Overtime Need**	<u>41,146,300</u>	<u>1,476,900</u>	<u>42,623,200</u>
Overtime Supplement	\$8,383,600	\$19,300	\$8,402,900
Savings from LTE Medical Vigils	-\$491,000		
AB 21/SB 21 Overtime Supplement	\$7,892,600	\$19,300	\$7,911,900
<b>AB 21/SB/21 Total Overtime Funding</b>	<b>\$40,655,300</b>	<b>\$1,476,900</b>	<b>\$42,132,200</b>

\*Based on 2013-15 base funding, adjusted for 2015-17 fringe benefit rates.

\*\*Based on 2013-14 average overtime hours.

5. It should be noted that under the standard budget adjustments, the 15.65% variable fringe rate was applied for all overtime funding. A 2.83% protective service add-on is typically applied to the fringe rates of protective service positions, including correctional officers, correctional sergeants, supervising officers, probation and parole agents, and youth counselors. Utilizing the 18.48% protective variable fringe rate for those positions, funding for overtime would need to be modified by \$747,400 GPR and \$24,100 PR annually. [Alternative 2]

6. Regarding LTE utilization for medical vigils, Corrections indicates that the average length of stay for an inmate is less than one day. The average number of inmate visits to a hospital were 1,333 per month in calendar year 2014. Corrections expended \$2.0 million in 2012-13 and \$3.3 million in 2013-14 for medical vigil overtime.

7. According to the Department, former correctional officers would be hired who have retired within the last five years for LTE staffing and thus maintain reinstatement eligibility, so they do not have to attend the seven-week academy training again. Based on a recent survey, Corrections indicates that there are approximately 1,100 former officers or sergeants who resigned or retired who would be eligible as LTEs.

8. It should be noted that the monies in the bill associated with utilizing LTEs for medical vigils instead of correctional officer overtime did not include additional costs associated with LTE

training. Including the training costs, associated savings in the bill would be \$474,400 annually, rather than \$491,000 annually; an increase of \$16,600 GPR annually. [Alternative 3]

9. Concerns have been raised regarding utilizing LTE staffing rather than correctional officers to cover inmate medical vigils. While Corrections indicates that former correctional officers would be hired, it may have been a period of time since these individuals may not have had to monitor inmates. Further, a hospital setting provides a unique set of security protocols for correctional officers to address. Given these issues, some may believe that hospital vigil duties are best performed by currently employed officers. Therefore, the bill could be modified by \$491,000 GPR annually to restore overtime funding instead of utilizing LTEs for medical vigils. [Alternative 4]

## ALTERNATIVES

1. Approve the Governor's recommendation to provide base budget funding for overtime of \$32,762,700 GPR and \$1,457,600 PR annually under standard budget adjustments. In addition, provide \$7,892,600 GPR and \$19,300 PR annually as an overtime supplement.

2. Modify the Governor's recommendation by \$747,400 GPR and \$24,100 PR annually associated with applying the protective variable fringe benefit rate (18.48%) for protective service positions.

<b>ALT 2</b>	<b>Change to Bill</b>
GPR	\$1,494,800
PR	<u>48,200</u>
Total	\$1,543,000

3. Modify the Governor's recommendation by \$16,600 GPR annually associated with training costs for utilizing LTEs for medical vigils.

<b>ALT 3</b>	<b>Change to Bill</b>
GPR	\$33,200

4. Modify the Governor's recommendation by \$491,000 GPR annually to utilize overtime funding for inmate hospitalization, rather than LTEs.

<b>ALT 4</b>	<b>Change to Bill</b>
GPR	\$982,000

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