Corrections

Departmentwide

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LFB Summary Items for Which an Issue Paper Has Been Prepared

Item #	Title
1 & 2	Overtime Funding (Paper #230)

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Overtime Funding (Corrections -- Departmentwide)

[LFB 2019-21 Budget Summary: Page 94, #1; and Page 95, #2]

CURRENT LAW

Under the Department of Administration's 2019-21 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 funding for overtime of $48,203,800 GPR and $2,257,200 PR annually under standard budget adjustments. In addition, provide $14,037,600 GPR and $181,100 PR annually as an overtime supplement. [In total, the bill provides $62,241,400 GPR and $2,438,300 PR annually to fund costs associated with overtime.]

[Note that program revenue funding associated with the Division of Juvenile Corrections ($448,700 PR annually) was inadvertently included in the standard budget adjustment's overtime funding and inadvertently excluded from overtime supplement funding. This does not affect the grand total of overtime funding. Therefore, in this paper, the Governor's recommended overtime funding will reflect the corrected allocations: (a) $48,203,800 GPR and $1,808,500 PR annually under standard budget adjustments; and (b) $14,037,600 GPR and $629,800 PR annually as an overtime supplement. When corrected, the total remains at $62,241,400 GPR and $2,438,300 PR annually to fund costs associated with overtime.]

DISCUSSION POINTS

1. Under standard budget adjustments, funding associated with overtime (and night and weekend differential) is entirely 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. Any additional overtime amounts determined necessary must be separately requested and are provided as supplemental funding.

2. In 2017-19, the Department was budgeted $39,953,300 GPR and $1,476,300 PR annually for overtime and $8,250,500 GPR and $332,200 PR annually as an overtime supplement. In total, the Department was provided $48,203,800 GPR and $1,808,500 PR annually.

3. In prior budgets, the Department of Corrections' overtime funding has been budgeted based on the prior year's average hours of overtime, adjusted for the new variable fringe benefit rate for the upcoming biennium. For reasons described below, for its 2019-21 budget request, the Department of Corrections used the 2017-18 average weekly overtime hours for the Division of Juvenile Corrections (DJC) (1,278 weekly overtime hours for all positions, and 1,152 weekly overtime hours for security positions) and the 2016-17 average weekly overtime hours for the Division of Adult Institutions (DAI) (33,640 weekly overtime hours for all positions, and 30,546 weekly overtime hours for security positions) to calculate the projected overtime funding needed in the 2019-21 biennium. Based on the Department's average weekly overtime hours in 2016-17 (for DAI) and 2017-18 (for DJC), the Department would require total of $62,241,400 GPR and $2,438,300 PR in overtime each year. Subtracting the amounts provided under the corrected standard budget adjustments, supplemental funding would be $14,037,600 GPR and $629,800 PR annually.

4. While the use of overtime is necessary in the operation and management of twenty-four hour, seven-day-a-week correctional institutions, high overtime costs have been an ongoing issue for the Department. Under the 2007-09 biennial budget, statutory language was created requiring the Department to report to the Finance Committee every two years on the amount and costs of overtime at each of its correctional institutions. In reviewing the most recent report submitted on January 8, 2019, the Department paid $50,642,784 for 1,805,106 hours of overtime at adult institutions in fiscal year 2017-18. The most common reasons for overtime in 2017-18 were position vacancies, sick leave coverage, and medical vigils. [Note that other positions in the Department also incur overtime costs and are not included in the reporting requirement.]

5. Position vacancies resulted in the largest use of overtime in 2017-18, accounting for 844,195 overtime hours (at a cost of approximately $23,561,100). This is 46.8% of all overtime on the report and a 34% increase in the use of overtime to cover position vacancies when compared to fiscal year 2015-16 (approximately 629,800 overtime hours). The average vacancy rates for all positions at all institutions between fiscal years 2011-12 and 2016-17 ranged from 7.50% to 10.65%. The average vacancy rate for all institutions in 2017-18 was 11.74%. Waupun Correctional Institution had the highest vacancy rate in 2017-18 at 19.98%. In the first half of 2018-19, the average vacancy rate across all institutions has been 13.36%.

6. A majority of the vacancies are in security positions. In April, 2019, 739 of 4,651

correctional officer and correctional sergeant positions were vacant. This amounts to an approximate 16% vacancy rate across all institutions for these positions. Of the vacant correctional officer and correctional sergeant positions, 299 positions (40.5%) have been vacant for approximately six months or more (before November 1, 2018).

7. To address the vacancy issues, particularly in security positions, the Department of Administration, Division of Personnel Management, included several pay adjustment programs that largely target correctional security positions in the 2017-19 Compensation Plan:

a. *Sign-on Bonus.* The Department currently has a $2,000 ($1,000 with the first paycheck after graduation from the service academy and $1,000 with the paycheck that follows successful completion of the probationary period) sign-on bonus in effect at Waupun Correctional Institution, Columbia Correctional Institution, and Dodge Correctional Institution for correctional officers. A $1,000 sign-on bonus is also in effect at the same institutions for nurses and nurse clinicians. The bonuses are in effect until June 22, 2019.

b. *Pilot Supplemental Pay Provisions*. The Department currently has a supplemental $5.00 per hour add-on program in effect at Waupun Correctional Institution, Columbia Correctional Institution, Dodge Correctional Institution, Green Bay Correctional Institution, Taycheedah Correctional Institution, and Lincoln Hills/Copper Lake Schools for correctional officers, sergeants, youth counselors and youth counselors-advanced. The add-on is only applicable for hours worked (not applicable to leave hours).

c. *Pay Range Progressions.* The 2017-19 Compensation Plan outlines a pay range progression schedule for correctional officers, sergeants, psychiatric care technicians/advanced, youth counselors/advanced. The schedule provides specific hourly increases for individuals in these positions after specified periods of service. This provision is applicable to individuals recently hired into these positions.

d. *Pay Equity Placement.* The 2017-19 Compensation Plan includes a pay equity placement provision for correctional officers, sergeants, psychiatric care technicians/advanced, youth counselors/advanced, effective January 20, 2019. Individuals in these positions had their pay increased to a specific hourly amount based on the calendar year in which they began continuous service. Employees whose current pay rate is equal to or greater than the amount specified, or those who began service in 2015 or more recently, would maintain their current pay rate.

8. Due to a number of variable factors that impact recruitment and retention such as labor market competition and unemployment rates, it is unknown if these pay incentives have directly affected vacancy rates. However, the overtime hours recorded in the first half of fiscal year 2018-19 are noticeably higher than the overtime hours recorded in the first half of any of the past five fiscal years.

9. Under the bill, $3,602,100 GPR in 2019-20 and $20,160,900 GPR in 2020-21 is provided in compensation reserves (not in Corrections' budget) to institute a new pay progression system, intended to increase the starting hourly wage for correctional officers and sergeants, youth

counselors/advanced, and psychiatric care technicians/advanced, to reduce pay compression issues between levels (such as officers and sergeants), and to improve pay at all years of service for individuals in these positions. According to the Department of Corrections, this incentive, if approved, will likely reduce the use of overtime (it is unknown how much overtime will be reduced as a result of any new compensation plan incentives). In part due to current and potential future incentives in the compensation plan for certain Corrections employees, the Department used 2016-17 overtime data to calculate the Division of Adult Institutions' projected overtime costs in 2019-21, as the overtime hours in 2016-17 (33,640 weekly overtime hours for all positions, and 30,546 weekly overtime hours for security positions) were lower than the overtime hours in 2017-18 (36,203 weekly overtime hours for all positions, and 33,318 weekly overtime hours for security positions).

10. The Department also anticipates the Division of Juvenile Corrections overtime costs to stabilize due to the ongoing transfer of juveniles from Lincoln Hills School for boys and Copper Lake School for girls to county-run facilities. As a result, the Department used 2017-18 overtime data to calculate DJC's projected overtime costs in 2019-21, as the overtime hours in 2017-18 (1,278 weekly overtime hours for all positions, and 1,152 weekly overtime hours for security positions) were lower than the overtime hours in 2016-17 (1,408 weekly overtime hours for all positions, and 1,301 weekly overtime hours for security positions).

11. Overtime funding under the bill is based on the Department's 2019-21 budget request submitted in September, 2018. Under the bill, 2016-17 DAI overtime data and 2017-18 DJC overtime data was used to project overtime costs of $62,241,400 GPR and $2,438,300 PR annually in the 2019-21 biennium, including $14,037,600 GPR and $629,800 PR in supplemental overtime funding annually. [Alternative 1]

12. Use of data reflective of lower use of overtime is in part based on the assumption that recruitment and retention efforts included in the bill and the yet-to-be introduced 2019-21 compensation plan will be successful. Even if the incentives are adopted, it is unknown if it will increase recruitment and retention or how long it would take for changes in the vacancy rates to occur. As a result, it could be argued that the overtime calculations provided for the 2019-21 biennium are lower than could be expected. As an alternative, funding could be calculated based on the prior year (2017-18) average of overtime hours for both DAI and DJC. This alternative would represent the manner in which prior budget overtime funding has been calculated. Utilizing the 2017-18 averages would increase overtime funding in the bill by $5,073,100 GPR and -$81,700 PR annually. [Total overtime funding would be $67,314,500 GPR and $2,356,600 PR annually.] [Alternative 2]

13. Given that measures of success for the 2017-19 compensation plan incentives are difficult to gauge and given that the proposed incentive in the bill may or may not be adopted, it is challenging to assess the trajectory of overtime in the 2019-21 biennium. Another alternative could be to calculate overtime based on the combined average overtime hours for fiscal years 2016-17 (higher than what the Department anticipates for DJC, but equal to what the Department anticipates for DAI) and 2017-18 (higher than what the Department anticipates for DAI, but equal to what the Department anticipates for DJC), which would modify overtime funding by $2,516,700 GPR and $103,500 PR annually. [Total overtime funding would be $64,758,100 GPR and $2,541,800 PR annually.] [Alternative 3]

14. For Alternatives 1, 2, and 3, the following table identifies: (a) the funding divisions between standard budget adjustments and supplemental overtime; (b) total funding; and (c) the change in funding from the bill.

Department of Corrections Annual Overtime

	Alternative 1		Alternative 2		Alternative 3	
	GPR	PR	GPR	PR	GPR	PR
Standard Budget Adjustments	$48,203,800	$1,808,500	$48,203,800	$1,808,500	$48,203,800	$1,808,500
Supplemental Funding	14,037,600	629,800	19,110,700	548,100	16,554,300	733,300
Total	$62,241,400	$2,438,300	$67,314,500	$2,356,600	$64,758,100	$2,541,800
Change from Bill	$0	$0	$5,073,100	-$81,700	$2,516,700	$103,500

15. Under any of the above alternatives, the Committee could specify that the supplemental amounts provided be placed in the Committee's supplemental appropriation for the Department to request at a later date, if needed. Release of funding would occur under the provisions of s. 13.10 of the statutes. If all funding was not necessary, the unused amounts provided would lapse to the general fund from the Committee's appropriation. While it is possible that the overtime and vacancy issues may begin to resolve over the 2019-21 biennium, it is also possible that Corrections may still contend with higher vacancy rates and overtime costs, especially at certain institutions. Since the success of the compensation incentives are unknown and as competition for employees remains high, it could be argued that reserving funding in the Committee's appropriation may be appropriate. [Alternative 4]

16. Lastly, the Committee could consider providing the recommended supplemental overtime funding in the first year of the biennium, reduce the amount in the second year by one-half, and evaluate the impact of the incentives that have, or will be, provided to the Department to address the issue of overtime. If funding is insufficient, the Department could, to the extent possible, utilize base resources, or seek support through legislation or a request to the Joint Committee on Finance under s. 13.10 of the statutes. [Alternative 5]

ALTERNATIVES

1. Provide funding for overtime of $48,203,800 GPR and $1,808,500 PR annually under standard budget adjustments. In addition, provide $14,037,600 GPR and $629,800 PR annually as an overtime supplement. [Thus, total overtime funding would be $62,241,400 GPR and $2,438,300 PR annually.]

ALT 1	Change to Base	Change to Bill
GPR	$124,482,800	$0
PR	4,876,600	0
Total	$129,359,400	$0

2. Increase funding provided in the bill by $5,073,100 GPR and -$81,700 PR annually as a result of calculating overtime funding based on the fiscal year 2017-18 average overtime hours for both the Division of Adult Institutions and the Division of Juvenile Corrections. [Thus, total overtime funding would be $67,314,500 GPR and $2,356,600 PR annually.]

ALT 2	Change to Base	Change to Bill
GPR	$134,629,000	$10,146,200
PR	4,713,200	- 163,400
Total	$139,342,200	$9,982,800

3. Increase funding provided in the bill by $2,516,700 GPR and $103,500 PR annually as a result of calculating overtime funding based on the combined average overtime hours for 2016-17 and 2017-18 for both the Division of Adult Institutions and the Division of Juvenile Corrections. [Thus, total overtime funding would be $64,758,100 GPR and $2,541,800 PR annually.]

ALT 3	Change to Base	Change to Bill
GPR	$129,516,200	$5,033,400
PR	5,083,600	207,000
Total	$134,599,800	$5,240,400

4. In addition to any of the above alternatives, place overtime supplemental funding into the Committee's supplemental appropriations under s. 20.865(4). Under this alternative, the Department could request release of additional overtime funding from the Joint Committee on Finance under s. 13.10. Funding amounts placed in the Committee's appropriations would be as follows:

a. With Alternative 1, $14,037,600 GPR and $629,800 PR annually.

b. With Alternative 2, $19,110,700 GPR and $548,100 PR annually.

c. With Alternative 3, $16,554,300 GPR and $733,300 PR annually.

5. Provide funding for overtime of $48,203,800 GPR and $1,808,500 PR annually under standard budget adjustments, as provided in the bill. In addition, provide $14,037,600 GPR and $629,800 PR in 2019-20 and $7,018,800 GPR and $314,900 PR in 2020-21 as an overtime

supplement.

ALT 5	Change to Base	Change to Bill
GPR	$117,464,000	- $7,018,800
PR	4,561,700	- 314,900
Total	$122,025,700	- $7,333,700

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CORRECTIONS

Departmentwide

LFB Summary Items for Which No Issue Paper Has Been Prepared

Item #	Title
1	Standard Budget Adjustments (Not Including Overtime)
3	Debt Service Reestimate
4	Risk Management Premium
5	Rent
6	Fingerprinting Scanning Machines
7	Realignment of Positions -- Adults
8	Program Revenue Reestimates -- Adult Corrections