



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #259

Adult Correctional Facility Populations, Division of Adult Institutions Population Management, Population and Inflationary Costs, and Prison Contract Bed Funding (Corrections -- Adult Institutions)

[LFB 2011-13 Budget Summary: Page 146, #1, #2, and #3]

CURRENT LAW

On May 6, 2011, Corrections had an institutional population of 21,532 and 275 contract beds for a total of 21,807 inmates. Base funding amounts for population-related costs include: (a) food, \$25,617,600 GPR; (b) variable non-food (including clothing, laundry, inmate wages, and other supplies), \$16,683,100 GPR; and (c) variable non-food health, \$57,749,000 GPR. Further, prison contract bed funding is \$20,649,000 GPR for 2010-11.

GOVERNOR

Average Daily Population and Population-Related Costs

Estimate an average daily population in adult correctional institutions, centers, and contract beds of 21,610 inmates in 2011-12 and 21,217 inmates in 2012-13. The following table identifies the Department's estimated distribution of this population.

	May 6, 2011	<u>Average Daily Population</u>	
	<u>Actual Population</u>	<u>2011-12</u>	<u>2012-13</u>
Males			
Institutions	18,581	17,725	17,383
Centers	1,450	1,793	1,759
Wisconsin Resource Center	332	344	344
Contract Beds*	275	540	530
Females			
Women's Correctional System	1,169	1,166	1,156
Wisconsin Resource Center	<u>n/a</u>	<u>42</u>	<u>45</u>
Total Population	21,807	21,610	21,217

*Contract bed populations include inmates held in federal facilities and in Wisconsin county jails.

Provide \$7,764,800 GPR in 2011-12 and \$10,398,500 GPR in 2012-13 to reflect population-related cost adjustments for prisoners in facilities operated by the Division of Adult Institutions, including food costs, variable non-food costs (such as clothing, laundry, inmate wages, and other supplies), and inmate health care, as follows: (a) \$1,074,700 in 2011-12 and \$1,611,600 in 2012-13 for food; (b) \$3,713,800 in 2011-12 and \$3,704,200 in 2012-13 for variable non-food costs; and (c) \$2,976,300 in 2011-12 and \$5,082,700 in 2012-13 for inmate health care.

Population Management Funding Reduction

Further, delete \$22,701,100 GPR in 2011-12 and \$29,954,800 GPR in 2012-13 related to a projected decline in the adult prison population. Funding was calculated based on the current daily contract rate of \$51.46 and assuming a reduced prison population of 1,208 in 2011-12 and 1,593 in 2012-13.

DISCUSSION POINTS

1. Correctional facility inmate costs and contract beds are budgeted based on an average daily population. For each biennial budget cycle, population-related costs for the prison system are budgeted based on the total operating capacity of the prisons, including food, variable non-food costs (such as clothing, laundry inmate wages, and other supplies), and inmate health care costs (including pharmaceuticals, hospital contracts and limited-term employees). Next, the Department forecasts the estimated average daily population for the upcoming biennium. Based on the forecasted population, to the extent that the populations exceed the total operating capacity, contract bed funding is provided to support the excess population.

2. For the 2011-13 biennium, the total operating capacity for the prisons is 21,791 prison beds in 2011-12 (20,583 males and 1,208 females) and 21,784 prison beds in 2012-13 (20,583 males and 1,201 females). Based on the operating capacity, the bill would provide the following population-related costs: (a) \$1,074,700 in 2011-12 and \$1,611,600 in 2012-13 for food costs; (b) \$3,713,800 in 2011-12 and \$3,704,200 in 2012-13 for variable nonfood costs, such as clothing, laundry, inmate wages, and other supplies; and (c) \$2,976,300 in 2011-12 and \$5,082,700

in 2012-13 for inmate health care.

3. For the 2011-13 average daily population, the Department forecasted an average monthly growth rate of -0.16% for male inmates and -0.05% for female inmates. As a result, the bill assumes an estimated average daily population of 21,610 inmates in 2011-12 (20,402 males and 1,208 females) and 21,217 inmates in 2012-13 (20,016 males and 1,201 females). Corrections utilized population data through December, 2010, for its forecast. Five more months of population data, from January, 2011 through May, 2011, is now available to evaluate the forecast. Applying the average monthly growth rate to the more recent population data, the average daily population could be adjusted by -10 inmates in 2011-12 and -12 inmates in 2012-13, for an average daily population of 21,600 inmates in 2011-12 and 21,205 in 2012-13.

4. Under a separate provision in the bill, the Governor would delete \$52,655,900 GPR over the biennium (-\$22,701,100 in 2011-12 and -\$29,954,800 in 2012-13) related to a projected decline in the adult prison population. The funding cut was calculated by multiplying the current daily contract rate of \$51.46 to an assumed population reduction of 1,208 inmates in 2011-12 and 1,593 inmates in 2012-13. Although calculations are based on contract bed costs, the funding cuts would be distributed as follows: (a) contract beds, -\$3,766,900 in 2011-12 and -\$3,756,600 in 2012-13; (b) food, -\$4,666,100 in 2011-12 and -\$7,461,100 in 2012-13; and (c) variable nonfood and health costs, -\$14,268,100 in 2011-12 and -\$18,737,100 in 2012-13.

5. At the March 30, 2011, agency budget hearing, the Secretary noted: "Our hope is that the current downward trend in the prison population continues. Projecting a conservative monthly decrease of point one six percent (.16%) in male populations and a zero five percent (.05%) drop in female inmates, our corresponding budgeted costs should fall by \$22.7 million in FY 12 and nearly \$30 million in FY 13, based on our best estimates available at this time."

6. Questions may be raised, however, regarding the assumed population reductions upon which the funding cuts are based. As indicated above, prison populations are forecasted based on a review of recent monthly growth rates. The resulting population forecast is then compared to the total operating capacity of the prison system. When the forecasted population exceeds the number of inmates that the prison operating capacity can accommodate, funding is provided to place additional inmates in contract beds.

7. It appears that the assumed population reduction for calculating the \$52,655,900 GPR reduction was based on taking the operating capacity for male prisons (20,583 beds annually) and adding 1,026 for contract beds (the budgeted number of contract beds for the current fiscal year). From that figure (21,609), the monthly forecasted population for male inmates was subtracted for each month of the biennium, then averaged for the year. The annual averages (1,208 in 2011-12 and 1,593 in 2012-13) were assumed to be the population reductions for the biennium.

8. It is unclear how a reduction of inmates can be assumed by taking the Department's 2011-13 operating capacity, adding the current year's contract bed figure, and subtracting the 2011-13 forecast. As indicated previously, operating capacity is the space that Department can utilize in its facilities for inmates. To the extent that the forecasted population exceeds that capacity, the Department utilizes contract beds. If contract beds are included in an operating capacity figure,

these beds would need to be the number of beds estimated to be utilized in the year, which is based on the difference between the operating capacity (excluding contract beds) and the projected forecast. The difference between operating capacity and the population forecast does not represent a projected increase or decrease in prison populations; the forecast itself identifies any projected increases or decreases. The difference between operating capacity and the population forecast represents what funding adjustments, if any, are needed to support the population. If the population forecast exceeds operating capacity, additional funding is needed for contract beds. If the population forecast is less than operating capacity, population-related costs can be decreased. The below table identifies the Department's population forecast, the total operating capacity, and the difference between the two.

	<u>2011-12</u>	<u>2012-13</u>
Prison Population Forecast	21,610	21,217
Operating Capacity (male and female)	<u>21,791</u>	<u>21,784</u>
Difference	-181	-567

9. The above table does not include the population adjustment based on five more months of data (-10 inmates in 2011-12 and -12 in 2012-13). Including the adjustment, the difference between the prison population forecast and operating capacity would be -191 in 2011-12 and -579 in 2012-13. The total decrease of -191 inmates in 2011-12 and -579 inmates in 2012-13 would be a more appropriate assumption for determining any savings under the bill.

10. Since the prison system has exceeded operating capacity for many years, fluctuations in forecasted populations have previously impacted contract bed funding. However, when populations decline to below operating capacities, funding adjustments should be made related to food, variable non-food costs, and health care costs provided in the institutions. As the above table shows, the projected prison population has declined below the Department's operating capacity. While the population management reduction in the bill was calculated utilizing the contract bed rate, the difference of -191 inmates in 2011-12 and -579 inmates in 2012-13 represents a decreased need for population-related costs, associated with a decline below operating capacity in the prisons.

11. Instead of multiplying the reduced population by the annualized contract bed rate (\$18,800) to calculate a funding reduction, the reduced population could be multiplied by: (a) the food costs (\$1,207.54 in 2011-12 and \$1,233.74 in 2012-13); (b) the variable non-food costs (\$954.24 annually); and (c) inmate health care (\$2,748.62 in 2011-12 and \$2,845.25 in 2012-13). As such, instead of the reductions recommended in the bill, the funding reduction associated with the population reduction would be: (a) -\$230,600 GPR in 2011-12 and -\$714,300 GPR in 2012-13 for food costs; (b) -\$182,300 GPR in 2011-12 and -\$552,500 GPR in 2012-13 for variable nonfood costs; and (c) -\$525,000 GPR in 2011-12 and -\$1,647,400 GPR in 2012-13 for inmate health care. [Alternative 2]

12. Current base funding for contract beds is \$20,649,000 GPR in 2010-11. The bill would delete \$3,766,900 in 2011-12 and \$3,766,600 in 2012-13 associated with the population management provision, retaining \$16,882,100 GPR in 2011-12 (an average of approximately 896

contract beds) and \$16,892,400 GPR in 2012-13 (an average of approximately 899 contract beds) for contract bed funding. Since the Department's institutional capacity exceeds the forecasted population, it would appear that funding for contract beds could be eliminated.

13. However, in addition to contract beds for incarceration, the Department utilizes contract bed funding for other placements, including extended supervision sanction beds, temporary lock-ups, adult placements in the Division of Juvenile Corrections, federal beds, and funding for the Department's Contract Monitoring Unit. Since these costs are not placements for incarceration purposes, but rather serve as a method of sanctioning offenders in the community, or placing certain offenders in the juvenile facilities, these beds are generally not included in the number of contract beds that the Department utilizes. Of these placements, funding is utilized mostly for extended supervision sanctions of approximately 500 beds. The Department utilizes extended supervision sanctions when an offender is eligible for revocation and would otherwise be reincarcerated for the violation(s). Of the total contract bed funding appropriated, approximately \$10,789,100 annually is associated with these other placements and costs.

14. If funding amounts for these other placements are excluded, the Governor's recommendation would retain \$6,093,000 GPR in 2011-12 for 324 contract beds, and \$6,103,300 GPR in 2012-13 for 325 contract beds. Since the estimated prison populations are below the operating capacities, an argument may be made to eliminate this funding. [Alternative 2] However, at the March 30, 2011, agency budget hearing, the Secretary of Department of Corrections argued that the Department needs contract bed funding to provide flexibility for managing fluctuations in prison populations. Balancing the Department's concerns to have flexibility in managing population fluctuations with population data indicating that Corrections' will not need to utilize contract beds, the Committee may wish to reduce the funding associated with contract beds, rather than deleting funding completely.

15. If the Committee were to approve funding for 100 to 200 contracts beds annually, the bill could be modified by: (a) -\$4,209,600 GPR in 2011-12 and -\$4,225,000 GPR in 2012-13 for 100 contract beds; or (b) -\$2,326,100 GPR in 2011-12 and -\$2,346,700 GPR in 2012-13 for 200 contract beds. [Alternative 3]

16. Under either Alternative 2 or Alternative 3, the Committee could place the contract bed reduction in the Committee's supplemental appropriation. As such, if it were determined that the Department needs additional funding for contract beds, Corrections could submit a request under s. 13.10 for a transfer of the funding. Further, while Alternatives 2 and 3 reduce funding in the contract bed appropriation, overall the alternatives increase funding for the Department's general program operations appropriation. As such, additional funding is provided to Department compared to the bill. If increased contract bed funding were necessary, the Department could also submit a request for a transfer of funds between appropriations, to the extent surplus amounts are identified. [Alternative 4]

17. The following table identifies the funding adjustments for population-related costs and the population management provision as provided under the Governor's bill, Alternative 2, and Alternative 3.

Governor

	<u>Change to Base Funding</u>	
	<u>2011-12</u>	<u>2012-13</u>
Population-Related Costs		
Food Costs	\$1,074,700	\$1,611,600
Inmate Variable Costs	3,713,800	3,704,200
Health Care	<u>2,976,300</u>	<u>5,082,700</u>
Total Population-Related Costs	\$7,764,800	\$10,398,500
Population Management*		
Food Costs	-\$4,666,100	-\$7,461,100
Variable Non-Food Costs/ Inmate Health Care	-14,268,100	-18,737,100
Contract Beds	<u>-3,766,900</u>	<u>-3,756,600</u>
Population Management Total	-\$22,701,100	-\$29,954,800
Total	-\$14,936,300	-\$19,556,300

*Funding adjustments based on an assumed population reduction of 1,028 inmates in 2011-12 and 1,593 in 2012-13, and calculated based on the annualized costs for contract bed placement (\$18,800). Although the funding reduction was based on contract bed costs, the Governor would divide the reduction among food costs, inmate variable non-food costs, inmate health care, and contract beds.

Alternatives

	<u>Change to Base Funding</u>		<u>Change to Governor</u>	
	<u>2011-12</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2012-13</u>
Population-Related Costs (Alt. 2)				
Food Costs	\$844,100	\$897,300	-\$230,600	-\$714,300
Inmate Variable Costs	3,531,500	3,151,700	-182,300	-552,500
Health Care	<u>2,451,300</u>	<u>3,435,300</u>	<u>-525,000</u>	<u>-1,647,400</u>
Total Population-Related Costs	\$6,826,900	\$7,484,300	-\$937,900	-\$2,914,200
Population Management (Alt. 2)				
Food Costs	\$0	\$0	\$4,666,100	\$7,461,100
Variable Non-Food Costs/ Inmate Health Care	0	0	14,268,100	18,737,100
Contract Beds	<u>-9,859,900</u>	<u>-9,859,900</u>	<u>-6,093,000</u>	<u>-6,103,300</u>
Population Management Total	-\$9,859,900	-\$9,859,900	\$12,841,200	\$20,094,900
Total	-\$3,033,000	-\$2,375,600	\$11,903,300	\$17,180,700
Population-Related Costs (Alt. 3a or 3b)				
Food Costs	\$844,100	\$897,300	-\$230,600	-\$714,300
Inmate Variable Costs	3,531,500	3,151,700	-182,300	-552,500
Health Care	<u>2,451,300</u>	<u>3,435,300</u>	<u>-525,000</u>	<u>-1,647,400</u>
Total Population-Related Costs	\$6,826,900	\$7,484,300	-\$937,900	-\$2,914,200
Population Management (Alt. 3a)				
Food Costs	\$0	\$0	\$4,666,100	\$7,461,100
Variable Non-Food Costs/ Inmate Health Care	0	0	14,268,100	18,737,100
Contract Beds	<u>-7,976,500</u>	<u>-7,981,600</u>	<u>-4,209,600</u>	<u>-4,225,000</u>
Population Management Total	-\$7,976,500	-\$7,981,600	\$14,724,600	\$21,973,200
Total - Alternative 3a	-\$1,149,600	-\$497,300	\$13,786,700	\$19,059,000
Population Management (Alt. 3b)				
Food Costs	\$0	\$0	\$4,666,100	\$7,461,100
Variable Non-Food Costs/ Inmate Health Care	0	0	14,268,100	18,737,100
Contract Beds	<u>-6,093,000</u>	<u>-6,103,300</u>	<u>-2,326,100</u>	<u>-2,346,700</u>
Population Management Total	-\$6,093,000	-\$6,103,300	\$16,608,100	\$23,851,500
Total - Alternative 3b	\$733,900	\$1,381,000	\$15,670,200	\$20,937,300

18. As the tables show, while the alternatives provide additional contract bed savings, the overall funding change to the bill would be an increase. Since the population management reduction does not appear to support as significant a population decline as the bill had indicated, and by utilizing population-related costs to calculate funding adjustments in the prisons, rather than contract bed rates, potential savings decline. As such, it would appear that the Governor's population management reduction of \$22,701,100 GPR in 2011-12 and \$29,954,800 GPR in 2012-13 represents a general funding reduction, similar to a budget efficiency or across-the-board

reduction, rather than identified savings. Given the questions raised about the bill's assumed population reduction, discussed earlier in the paper, the Department has not been able to identify how the specific cost reductions would be realized.

19. If the Committee were to approve the Governor's recommendation to remove this funding, it may be comparable to a provision in the 2009-11 biennial budget, which deleted \$30 million GPR over the biennium as a "budget efficiency." The reduction was not associated with any specific provision, but rather a variety of initiatives that would allow Corrections to perform its mission with the scope of available resources. However, it should be noted that the 2010-11 budget adjustment bill, 2011 Act 13, provided \$19.5 million GPR in funding and \$8.4 million GPR in transfers for a \$27.9 million deficit in Corrections' adult general programs and community corrections appropriations. To the extent a similar funding reduction is provided in the bill and the Department is not able to reduce costs as much as projected, the Department may need that funding restored later in the biennium.

ALTERNATIVES

1. Approve the Governor's recommendation to:

Average Daily Populations. Estimate an average daily population in adult correctional institutions, centers, and contract beds of 21,610 inmates in 2011-12 and 21,217 inmates in 2012-13.

Population-Related Costs. Provide \$7,764,800 GPR in 2011-12 and \$10,398,500 GPR in 2012-13 to reflect population-related cost adjustments for prisoners in facilities operated by the Division of Adult Institutions, including (a) \$1,074,700 in 2011-12 and \$1,611,600 in 2012-13 for food costs; (b) \$3,713,800 in 2011-12 and \$3,704,200 in 2012-13 for variable nonfood costs, such as clothing, laundry, inmate wages, and other supplies; and (c) \$2,976,300 in 2011-12 and \$5,082,700 in 2012-13 for inmate health care.

Population Management Funding Reduction. Further, delete \$22,701,100 GPR in 2011-12 and \$29,954,800 GPR in 2012-13 related to a projected decline in the adult prison population. Funding was calculated based on the current daily contract rate of \$51.46 and assuming a reduced prison population of 1,208 in 2011-12 and 1,593 in 2012-13. While the funding reduction was based on the contract bed rate, the cuts would be distributed as follows: (a) contract beds, -\$3,766,900 in 2011-12 and -\$3,756,600 in 2012-13 associated with 200 fewer contract beds; (b) food, -\$4,666,100 in 2011-12 and -\$7,461,100 in 2012-13; and (c) variable nonfood costs, -\$14,268,100 in 2011-12 and -\$18,737,100 in 2012-13.

2. Modify the Governor's recommendations as follows:

Average Daily Populations. Adjust the average daily population in adult correctional institutions, centers, and contract beds by -10 in 2011-12 and -12 in 2012-13, for an estimate of 21,600 inmates in 2011-12 and 21,205 inmates in 2012-13.

Population-Related Costs. Modify the population-related costs adjustments as follows: (a) -\$230,600 GPR in 2011-12 and -\$714,300 GPR in 2012-13 for food costs; (b) -\$182,300 GPR in 2011-12 and -\$552,500 GPR in 2012-13 for variable non-food costs; and (c) -\$525,000 GPR in 2011-12 and -\$1,647,400 GPR in 2012-13 for inmate health care. As a result, a total of \$6,826,900 GPR in 2011-12 and \$7,484,300 GPR in 2012-13 would be provided.

Population Management Funding Reduction. Delete the Governor's recommendation and instead reduce contract bed funding by \$9,859,900 GPR annually associated with a decline in prison populations below institutional operating capacity. [This would modify funding in the bill by -\$6,093,000 GPR in 2011-12 and -\$6,103,300 GPR in 2012-13. As a result, funding would only for placements other than for incarcerated purposes.]

ALT 2	Change to Bill Funding
GPR	\$29,084,000

3. Modify the Governor's recommendations as follows, under either Alternative 3a or 3b:

a. *Average Daily Populations.* Adjust the average daily population in adult correctional institutions, centers, and contract beds by -10 in 2011-12 and -12 in 2012-13, for an estimate of 21,600 inmates in 2011-12 and 21,205 inmates in 2012-13. [Same as Alternative 2.]

Population-Related Costs. Modify the population-related costs adjustments as follows: (a) -\$230,600 GPR in 2011-12 and -\$714,300 GPR in 2012-13 for food costs; (b) -\$182,300 GPR in 2011-12 and -\$552,500 GPR in 2012-13 for variable non-food costs; and (c) -\$525,000 GPR in 2011-12 and -\$1,647,400 GPR in 2012-13 for inmate health care. [Same as Alternative 2.]

Population Management Funding Reduction. Delete the Governor's recommendation and instead reduce contract bed funding by -\$7,976,500 GPR in 2011-12 and -\$7,981,600 GPR in 2012-13 associated with a decline in prison populations below institutional operating capacity. [This would modify funding in the bill by -\$4,209,600 GPR in 2011-12 and -\$4,225,000 GPR in 2012-13, reducing funding to allow for 100 contract beds, as well as placements other than for incarcerated purposes.]

ALT 3a	Change to Bill Funding
GPR	\$32,845,700

b. *Average Daily Populations and Population-Related Costs.* [Same as Alternative 2 or 3a.]

Population Management Funding Reduction. Delete the Governor's recommendation

and instead reduce contract bed funding by -\$6,093,000 GPR in 2011-12 and -\$6,103,300 GPR in 2012-13 associated with a decline in prison populations below institutional operating capacity. [This would modify funding in the bill by -\$2,326,100 GPR in 2011-12 and -\$2,346,700 GPR in 2012-13, reducing funding to allow for 200 contract beds, as well as placements other than incarceration purposes.]

ALT 3b	Change to Bill Funding
GPR	\$36,607,500

4. With either Alternative 2 or Alternative 3, specify that the contract bed reduction amounts be placed in the Joint Committee on Finance's supplemental appropriation. If Corrections needs additional contract bed funding, the Department can submit a request under s. 13.10 for transfer of the funding. The following table identifies the amounts that would be transferred to the JFC appropriation, depending on the alternative adopted.

<u>Alternative</u>	<u>JFC Supplemental Approach</u>		
	<u>2011-12</u>	<u>2012-13</u>	<u>Biennial</u>
2	\$9,859,900	\$9,859,900	\$19,719,800
3a	7,976,500	7,981,600	15,958,100
3b	6,093,000	6,103,300	12,196,300

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