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Joint Committee on Finance

Paper #220

Overtime and Permanent GPR Reductions (Corrections -- Departmentwide)

[LFB 2013-15 Budget Summary: Page 124, #1 and #2]

CURRENT LAW

Under the Department of Administration's 2013-15 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

Overtime

Overtime funding is a component of standard budget adjustments. Under the bill, Corrections standard budget adjustments total -\$11,638,800 GPR, -\$500 FED, -\$1,797,800 PR and -16.0 PR positions, and -\$2,000 SEG annually for standard budget adjustments including full funding of salaries and fringe benefits, night and weekend differential, removal of non-continuing items, overtime, and turnover reductions. Of the total, \$37,195,200 GPR and \$1,811,200 PR annually is provided for overtime funding. [Total standard budget adjustment include: (a) turnover reduction (-\$10,848,400 GPR, and -\$476,100 PR annually); (b) removal of non-continuing items (-\$920,400 PR and -16.0 PR positions annually); (c) full funding of salaries and fringe benefits (-\$46,289,300 GPR, -\$500 FED, -\$2,571,400 PR, and -\$2,000 SEG annually); and (d) night and weekend differential (\$8,303,700 GPR, and \$358,900 PR annually)].

Since costs associated with overtime are removed under calculations for full funding of salaries and fringe benefits, the amounts in the bill represent the Department's estimated total cost for overtime (night and weekend differential funding also represents total costs).

Permanent GPR Reductions

Reduce Corrections' funding by Department of Corrections funding by \$13,151,400 in 2013-14 and \$13,217,800 in 2014-15 as specified below.

<u>Appropriation</u>	<u>2013-14</u>	<u>2014-15</u>
a. General Program Operations, Adult Corrections	-\$6,000,000	-\$6,166,000
b. Services for Community Corrections	-3,475,800	-3,475,800
c. Services for Drunk Driving Offenders	-2,845,600	-2,746,000
d. Pharmacological Treatment Certain Child Sex Offenders	-50,000	-50,000
e. Becky Young Community Corrections	-600,000	-600,000
f. Reimbursement Claims of Counties Containing Juvenile Correctional Facilities	<u>-180,000</u>	<u>-180,000</u>
Total	-\$13,151,400	-\$13,217,800

DISCUSSION POINTS

1. Current base funding for correctional overtime costs is \$29,817,500 GPR and \$1,278,200 PR (this amount excludes \$9,273,200 GPR which was held in the Joint Committee on Finance's supplemental appropriation. Corrections needed the funding for overtime costs in 2011-12, but utilized the funding for other expenditures in 2012-13). The bill would provide overtime funding of \$37,195,200 GPR and \$1,811,200 PR annually. Funding in the bill is based on actual overtime costs expended in the 2011-12 fiscal year.

2. As indicated above, overtime funding in the bill was calculated based on fiscal year 2011-12 expenditures. Under a separate provision, funding amounts were identified for deletion association with a permanent GPR reduction. Included in those amounts is \$4.5 million GPR associated with overtime. According to the Department, new work rules were implemented in January, 2012 which has allowed the Department more savings in overtime:

"As a result of 2011 Act 10, the Department implemented new human resources policies to more effectively manage our staff and resources. These changes included full implementation of the language in the State Compensation Plan as well as new policies initiated by DOC including minor changes to our work rules, new provisions for sick leave management, standard hours of work, additional hours of work, and an equitable rotation system for overtime in lieu of the former practice of seniority based overtime. All of these changes have impacted method of award overtime and how it would be paid. One of the most significant changes involved implementing the State Compensation Plan language which changed the pay provisions for earning premium overtime based on using FY 12 actual overtime hours."

3. Since the Department did not have a full year's worth of overtime expenditures to review under the new work rules at the time of submitting its budget, Corrections estimated the \$4.5 million in savings based on the savings the Department was observing since January, 2012. Reviewing the two provisions together, funding in the bill for overtime would total \$32,695,200 GPR and \$1,811,200 PR annually.

4. Since introduction of the bill, the Department now has a full year's worth of overtime costs for calendar year 2012. Based on the more recent figures for standard budget adjustment calculations, the Department would need a total of \$34,033,800 GPR and \$1,510,900 PR annually for overtime funding in 2013-15. While Corrections' standard budget adjustments for overtime are historically based on fiscal year costs, if the Committee wished, the bill could be modified utilizing the more recent overtime expenditure data, adjusting funding by \$1,338,600 GPR and -\$300,300 PR annually. [Alternative 2]

5. Regarding the permanent GPR funding reductions of -\$13,151,400 GPR in 2013-14 and -\$13,217,800 GPR in 2014-15, the reductions include \$4,975,800 annually for salary and fringe benefit amounts. However, while the salary and fringe benefit amounts are reduced, the corresponding positions are retained (based on average salary and fringe benefits, 72.0 positions). According to the Department, retaining the positions authority provides "flexibility in case there should be a change in population during the biennium for either the incarcerated or supervised populations." It should be noted, however, that if position authority is retained, the deleted funding amounts would be restored as part of the standard budget adjustments for the 2015-17 biennium. To the extent that the reductions are intended to be "permanent," the Committee may wish to delete the associated position authority along with the funding. [Alternative 3]

ALTERNATIVES

1. Approve the Governor's recommendations for: (a) standard budget adjustments, including \$37,195,200 GPR and \$1,811,200 PR annually for overtime; and (b) permanent GPR reductions of \$13,151,400 GPR in 2013-14 and \$13,217,800 GPR in 2014-15.

2. Modify the Governor's recommendations related to overtime by \$1,338,600 GPR and -\$300,300 PR annually, based calculations based on more recent overtime expenditures.

ALT 2	Change to Bill Funding
GPR	\$2,677,200
PR	<u>- 600,600</u>
Total	\$2,076,600

3. In addition to either Alternative 1 or Alternative 2, modify the bill by deleting 72.0 positions associated with the salary and fringe benefits included in the permanent GPR reductions.

ALT 3	Change to Bill Positions
GPR	- 72.00

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