



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #251

Add-On to Statutory Daily Rate (Corrections -- Juvenile Corrections)

[LFB 2015-17 Budget Summary: Page 127, #2]

CURRENT LAW

Under current law, the daily rate for juvenile correctional facilities is specified in statute based on projected annual costs and the estimated average daily population. In addition, the daily rates statutorily include a \$17 add-on to address the juvenile operations appropriation deficit until the deficit is eliminated.

GOVERNOR

Reduce the \$17 per day add-on to the daily rate for juvenile correctional facilities to a \$6 add-on.

DISCUSSION POINTS

1. The \$17 add-on was created under the 2011-13 biennial budget, Act 32, in order to reduce the deficit in the Department's juvenile operations appropriation. Since the amount of the deficit has been declining, the bill would reduce the add-on to \$6. Under the Department's budget request, the deficit was estimated to be -\$1,573,500 in 2015-16 and -\$883,600 in 2016-17. As a result, reducing the add-on amount to \$6 would appear appropriate to address the remaining deficit in the appropriation.

2. On May 1, 2015, the Department indicated that, based on updated projections, Corrections believes the juvenile operations appropriation will actually no longer be in a deficit situation by the end of the current fiscal year.

3. Given that the Department believes there will be no deficit in the appropriation by the end of the current fiscal year, the Committee may wish to modify the bill and delete the add-on completely. [Alternative 2] Under a separate budget paper, the statutory daily rates for juvenile correctional facilities would be modified to be \$284 in 2015-16 and \$292 in 2016-17 based on cost and population estimates. If the Committee adopted Alternative 2 and deleted the \$6 add-on, the daily rates identified in the paper could be modified to \$278 in 2015-16 and \$286 in 2016-17.

4. On the other hand, there are a number of variables which could affect the Department's ability to not only eliminate the current deficit, but also remain out of deficit in the future. These factors include population and cost variations (to the extent that populations and/or costs vary from the estimates, actual revenue generated or the existence of a deficit may vary), and juvenile care decisions by the counties. Further, Corrections' recent indication that the appropriation will be out of deficit at the end of 2014-15 is based only on three fiscal quarters of financial data, and not a year-end actual figure.

5. Considering the unknown items that could impact appropriation balances, the Committee may wish to continue the daily rate add-on for another biennium and approve the \$6 add-on in the bill. [Alternative 1] To the extent that the add-on is retained and the deficit is eliminated, current statutory language provides that if monies generated by the daily rate exceed actual costs by more than 2%, all monies in excess of 2% must be remitted to the counties or the Department (for daily rates paid for serious juvenile offenders) in the subsequent calendar year.

ALTERNATIVES

1. Approve the Governor's recommendation to reduce the \$17 per day add-on to the daily rate for juvenile correctional facilities to a \$6 add-on.
2. Modify the Governor's recommendation and delete add-on amount entirely.

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