

**COUNTY OF MILWAUKEE**  
INTER-OFFICE COMMUNICATION

**Date:** August 9, 2018

**To:** Milwaukee County Board Chairman Theodore Lipscomb, Sr.  
Supervisor James "Luigi" Schmitt, Chair, Finance and Audit Committee  
Teig Whaley-Smith, Director, Department of Administrative Services

**From:** Michael Hafemann, Superintendent, Milwaukee County House of Correction (HOC) *MWTT*

**Subject:** HOC Revenue Deficit – Informational Only

**Policy Issue**

County Ordinance 56.02 requires each person in charge of any County office, department, agency, or any non-departmental account to:

" ... submit a written report to the County Executive, the Committee on Finance and Audit of the County Board and the Department of Administration whenever such person has reason to know or believe that a deficit of seventy-five thousand dollars (\$75,000.00) or more in any revenue account will occur for the division of county government under the supervision of that person."...

**Background**

The HOC receives a daily fee for each Department of Adult Institutions (DAI) inmate housed at the Milwaukee County House of Correction. The fee is currently \$51.46/day. The HOC is experiencing a deficit due to housing considerably fewer DAI inmates than anticipated because the contract negotiations and terms took longer to finalize. The HOC also houses inmates on municipal commitments for \$40.45/day. However, communities, such as West Allis which was our largest revenue stream, have recently stopped sending commitments. The Table below illustrates the resulting revenue decreases.

Revenue Item	Short Description	Budget Amount	Actual Amount to Date**	Projected Amount	Variance between Budget and Projected
2299*	OTHER ST GRANTS & REIMBUR	\$3,125,000	\$927,589	\$2,744,993	(\$380,007)
4923	MUNICIPAL BOARD REVENUE	\$512,000	\$103,768	\$277,658	(\$234,342)

\*The 2299 account is also for DOC revenues which is approximately on track for ~\$2M budget

\*\*Through June in 2299 and May for 4923 revenues

**Cause of Deficit**

The DAI revenue is based on an estimate that was used in crafting the 2018 budget. The HOC anticipated at least 60 inmates would be housed at the HOC early in 2018. For various reasons the 60 inmate number was not achieved, and we have housed less than 20 DAI inmates since the beginning of 2018. However, a new contract and process has been initiated and additional

DAI inmates will be arriving at the HOC on approximately August 15, 2018, and we anticipate having 60 + DAI inmates housed at the HOC by mid to late September, 2018. The 2018 departmental budget request for DAI was about \$1.1M (for 60 inmates). The estimate for 2019 it is just over \$2.6M (for around 180 inmates).

The muni revenue is down because the municipalities have instituted other means to collect from those individuals. The municipal commitment revenue projection was reduced in the 2019 budget to \$294,000.

**Are there funds available to offset the revenue deficit?**

Fiscal staff at the HOC are looking closely at all revenues and expenditures. Additionally, several service contracts have been reduced and other projects (e.g., renovation, equipment purchases) have already been put on hold until we can determine if there will be any revenue improvement. A salary surplus due to difficulties hiring and retaining Correction Officers may offset some of the deficit this year.

**Will this be an issue beyond the current year?**

Since only one remaining technology issue to resolve, we think this should not be an issue going forward for the DAI revenues. The municipal board revenue may be even lower in the future.

**Plan of action or alternatives to offset the deficit?**

Fiscal staff at the HOC will continue to closely review all revenues for possible growth and expenditures to determine any projects that can be pushed into the future or cancelled.