

COUNTY OF MILWAUKEE
INTER-OFFICE COMMUNICATION

Date: March 22, 2019

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)

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

Revenue code 2299 “Other State Grants & Reimbursements” is used for both Sanction revenue, and DAI Revenue. The HOC receives a daily fee of \$51.46 per day for housing inmates who violate the terms or conditions of their probation, parole or extended supervision and are subsequently ordered to serve a sanction in lieu of revocation. The HOC also receives a daily fee of \$40.45 per day for each Department of Adult Institutions (DAI) inmate housed at the Milwaukee County House of Correction. The HOC is experiencing a deficit due to housing considerably fewer DAI inmates than anticipated. Finally, revenue code 4923 “Municipal Board Revenue” is the revenue from inmates held on municipal commitments, for which a daily housing fee of \$40.45/day is paid to the County by the applicable municipality. However, municipalities have continued to house fewer individuals on commitments for failing to pay their fines for violations of municipal ordinances. The Table below illustrates the resulting revenue decreases.

Revenue Code	Short Description	Budget Amount	Actual Amount to Date	Projected Amount	Variance between Budget and Projected
2299	OTHER ST GRANTS & REIMBUR	\$4,410,400	\$111,397	\$3,095,425	(\$1,314,975)
4923	MUNICIPAL BOARD REVENUE	\$294,000	\$10,679	\$100,235	(\$192,765)

Cause of Deficit

Revenue code 2299 is based on an estimate that was used in crafting the 2019 budget. In 2017, the HOC collected \$1,757,430. In 2018 the HOC collected \$2,043,981. The 2019 budget was set at \$4,410,400, as the HOC anticipated at least 180 inmates would be housed at the HOC beginning in 2019, which would have increased the revenue by \$2.4 million. For various reasons, the 180 inmate number was not achieved, and the HOC have housed less than 120 DAI inmates since the beginning of 2019. Also, the number of inmates who violate the terms or conditions of their probation, parole or extended supervision is lower than anticipated. The municipal commitment revenue is down because the municipalities have instituted other means to collect fines from those individuals. The municipal commitment revenue projection was reduced in the 2019 budget. However the number of inmates being held on municipal commitments is even lower than anticipated.

Are there funds available to offset the revenue deficit?

Fiscal staff at the HOC are looking closely at all revenues and expenditures to see if any service contracts can be reduced or if other projects (e.g., renovations or repairs) can put on hold until it can be determine if there will be any revenue improvement. A salary surplus due to the challenges of hiring and retaining Correction Officers may offset some of the deficit this year. However, this might be offset by increased overtime costs due to vacancies. The HOC has been in constant communication about receiving more DAI inmates. If it doesn't increase soon, it will be extremely difficult to avoid a large revenue deficit.

Will this be an issue beyond the current year?

Unknown. Sanction and DAI revenue is based on the number of inmates that the DOC sends to the HOC based on the criteria to be housed at the HOC. Municipal Board Revenue is down due to municipalities finding alternative means to collect fines from individuals who have violated city or village ordinances, bylaws or resolutions. The HOC is planning on reducing both

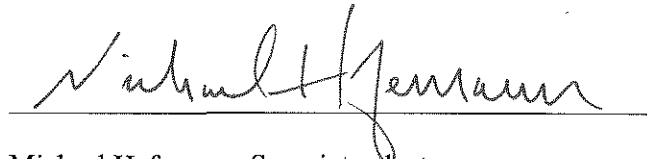
revenues in the requested budget for 2020.

Plan of action or alternatives to offset the deficit?

Fiscal staff at the HOC will continue to closely monitor all revenues for possible growth, and review all expenditures to determine if any projects can be delayed or cancelled.

Prepared by: Michael Bickerstaff, Budget & Management Analyst

Approved by:

A handwritten signature in cursive script, reading "Michael Hafemann", is written over a horizontal line.

Michael Hafemann, Superintendent
Milwaukee County House of Correction