

COUNTY OF MILWAUKEE
INTER-OFFICE COMMUNICATION

Date: October 27, 2017

To: Milwaukee County Board Chairman Theodore Lipscomb, Sr.
Supervisor Peggy West, 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

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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 Corrections (DOC) inmate housed at the Milwaukee County House of Correction serving a sanction for a violation of their probation, parole or extended supervision. The fee is currently \$51.46/day. The HOC is experiencing a deficit due to housing considerably fewer DOC inmates on average in 2017 (from February through June) than last year. The Table below illustrates the resulting decrease in fee collections:

Revenue Item	Short Description	Budget Amount	Actual Amount to Date*	Projected Amount	Variance between Budget and Projected
2299	OTHER ST GRANTS & REIMBUR	\$2,200,000	\$ 1,226,395	\$1,801,820	(\$398,180)

**Collections are through September*

Cause of Deficit

The DOC revenue is based on an estimate that was used in crafting the 2017 budget. In 2015, the HOC collected \$2,581,465. In 2016, the HOC collected

\$2,098,347. The 2017 budget was set near previous year at \$2,200,000. There are no clear causes for the reduction in revenue; the amount of revenue is based on the number of inmates who violate the terms or conditions of their supervision and are subsequently ordered to serve a sanction in lieu of revocation. The revenue began to trend slowly back up in July and was over 2017 figures in August. The 2018 departmental budget request is \$1,998,026.

Are there funds available to offset the revenue deficit?

Fiscal staff at the HOC are looking closely at all revenues and expenditures. A new contract for Department of Adult Institution (DAI) should bring in some revenue by year end to offset some of this deficit. 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.

Will this be an issue beyond the current year?

Unknown. DOC revenue is variable based on the number of inmates that the DOC sends to us based on the criteria to be housed at the HOC.

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.