

COUNTY OF MILWAUKEE


INTER-OFFICE COMMUNICATION

Date: August 11, 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



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

Inmates granted Huber Law/work release privileges by the sentencing court are required to pay the HOC/County a daily fee, if they are released to attend to employment or paid employment training activities.¹ Inmates with Huber/work release privileges who are released to attend to child/family care, treatment, education, counseling, assessment or other approved activities are not, by statute, required to pay the daily fee. The fee for employed Huber/work release inmates is set by ordinance, and it is currently \$24/day. So far, the HOC is experiencing a deficit due to housing about 42 fewer Huber inmates on average in 2017 than last year (337 vs 295). The Table below illustrates the resulting decrease in fee

¹ 303.08 (4) "...Every prisoner who is gainfully employed or who receives unemployment insurance or employment training benefits while in custody in the jail, shall be liable for charges not to exceed the full per person maintenance and cost of the prisoner's board in the jail as fixed by the county board after passage of an appropriate county ordinance."

collections:

Revenue Item	Short Description	Budget Amount	Actual Amount to Date*	Projected Amount	Variance between Budget and Projected
4922	PRISONER BOARD-HUBER ACT	\$720,000	\$341,115	\$592,000	(\$128,000)

*Collections are through July

The HOC is also experiencing a deficit in Electronic Surveillance (ES) revenues. Decreased ADP, eligibility and/or participation has caused decreased count of inmates on ES from prior years (from 135 in 2015, 122 in 2016, and about 104 in 2017 year to date through June). Inmates supervised through ES pay the same daily fee as inmates released for employment or paid employment training activities; \$24.00 per day. Table below illustrates the estimated decrease in ES revenues:

Revenue Item	Short Description	Budget Amount	Actual Amount to Date*	Projected Amount	Variance between Budget and Projected
4926	ELECTRONIC SURVEILLANCE REV	\$650,000	\$207,409	\$504,000	(\$146,000)

*Collections are through July

Both of the revenue accounts discussed above are in the Other Revenue category, so that category is also anticipated to deficit over \$75,000. However, the total deficit estimated above of \$274,000 (\$128,000 plus \$146,000) is mitigated somewhat by surpluses in a few other accounts in the category. Therefore, the entire category is estimated to have a shortfall closer to \$217,000:

Revenue Item	Short Description	Budget Amount	Actual Amount to Date*	Projected Amount	Variance between Budget and Projected
	OTHER REVENUE	\$2,111,854	\$1,014,319	\$1,895,000	(\$216,719)

*Collections are through July

Cause of Deficit

The Huber revenue is based on an estimate that was used in crafting the 2017 budget. In 2015, the HOC collected \$674,000. In 2016, the HOC collected \$673,000. The 2017 budget was set higher at \$720,000 due to a performance measure to increase employment. The HOC has been able to maintain the same percentage of inmates employed, but as stated above the overall inmate count is lower causing the revenue deficit. There are no clear causes for the reduction in revenue other than fewer individuals have been provided Huber Law privileges who also are required to pay the daily fee. It is possible this may trend upwards,

if the number of sentenced inmates with Huber Law privileges increases. But, it is very likely the HOC will still have a revenue shortfall in 2017. The 2018 departmental budget request is \$645,000.

ES revenues were about \$662,000 in 2015 and \$653,000 in 2016. The 2017 budget was set at \$650,000. Some ES decline seemed evident, so the 2018 departmental budget request is \$600,000.

Are there funds available to offset the revenue deficit?

Fiscal staff at the HOC are looking closely at all revenues and expenditures. Several 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. Both ES and Huber revenue are variable based on the number of inmates that the sentencing courts grant those privileges and can meet the criteria to participate.

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.