

Adult Corrections Expenditures

May 2019

Report Highlights ■

The adult inmate population grew from 21,941 in 2011 to 23,675 in 2018, or by 7.9 percent.

Pharmaceuticals and medical supplies accounted for the largest expenditure increase.

We found 60 percent of the variation in per inmate expenditures was explained by the number of security personnel per inmate at each institution.

Some states have reduced their corrections costs by exploring actions to reduce the inmate population.

The total number of overtime hours increased by 50.7 percent from FY 2013-14 to FY 2017-18.

In FY 2017-18, adult institutions were at an average of 133.8 percent of their design capacities.

The Department of Corrections (DOC) operates 36 adult institutions, including 20 prisons and 16 minimum-security correctional centers, and it has entered into a formal written agreement with the Department of Health Services (DHS) to provide security for the Wisconsin Resource Center, which serves inmates needing specialized mental health treatment. In addition, DOC places inmates in county jails when space is unavailable in its institutions. In fiscal year (FY) 2017-18, DOC spent an estimated \$933.9 million to operate its adult institutions and provide beds in county facilities.

Questions have been raised about the increasing costs of operating DOC's adult institutions, in part, because of the need to transfer from \$5.4 million to \$11.1 million to its general program operations each year between FY 2013-14 and FY 2017-18 to address an anticipated shortfall resulting from high inmate health care costs. At the direction of the Joint Legislative Audit Committee, we:

- analyzed trends in revenues, expenditures, and adult inmate populations;
- categorized expenditures and determined how each type of expenditure contributed to trends in adult corrections expenditures;

- determined how various factors, such as staffing levels, affect variation in per inmate expenditures among adult institutions;
- evaluated the process DOC used to contract for additional beds and its effect on expenditures; and
- assessed strategies to manage corrections expenditures.

Inmate Population

The total adult inmate population declined from 22,672 in 2009 to 21,941 in 2011, but the population has grown since then. The inmate population grew from 21,941 in 2011 to 23,675 in 2018, or by 7.9 percent. When compared with six other midwestern states, only Wisconsin experienced an increase in its inmate population from 2009 to 2018.

Operating Expenditures

Total operating expenditures for adult correctional institutions increased from an estimated \$909.3 million in FY 2013-14 to \$933.9 million in FY 2017-18, or by 2.7 percent. We found that general purpose revenue (GPR) funded more than 93 percent of total expenditures in both years. The largest areas of expenditure growth included pharmaceuticals and medical supplies, professional services, information technology, and contract beds in county jails.

To determine the extent to which operating expenditures vary among adult correctional institutions, we analyzed the average daily expenditures per inmate made by each institution. We found that these expenditures were generally the highest for maximum-security institutions and generally the lowest for correctional centers. The overall average expenditure per inmate decreased from \$105.79 in FY 2013-14 to \$101.16 in FY 2017-18. We found that over 60 percent of the variation in per inmate expenditures was explained by the number of full-time equivalent (FTE) security personnel per inmate at each institution.

Key Facts and Findings

Of the \$397.5 million spent on wages in FY 2017-18, \$52.9 million (13.3 percent) was for overtime hours.

The turnover rate for correctional officers increased from 17.8 percent in FY 2013-14 to 26.1 percent in FY 2017-18.

Wisconsin had the second-lowest entry-level wage for correctional officers among the seven midwestern states we reviewed.

DHS administers the Wisconsin Resource Center to treat DOC inmates with specialized mental health needs.

The percentage of inmates classified as having a mental health need increased from 33.2 percent in 2009 to 41.3 percent in 2018.

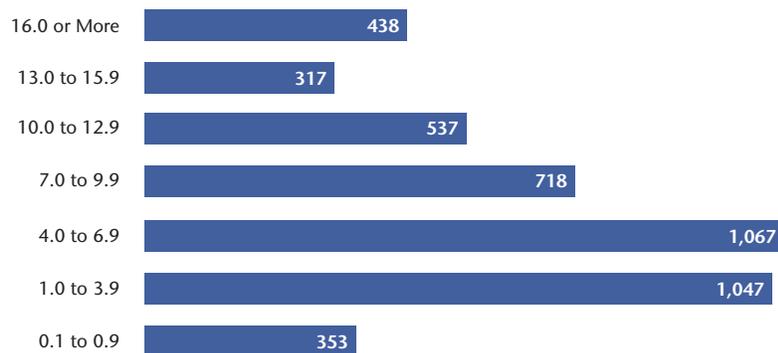
The consolidation of inmate transportation to medical appointments could reduce DOC's costs for security personnel, fuel, and vehicle maintenance.

Staffing

To help meet its staffing needs, DOC has increasingly relied on overtime. The number of paid overtime hours worked by DOC employees associated with adult correctional institutions increased from 1.2 million in FY 2013-14 to 1.9 million in FY 2017-18, or by 50.7 percent. The total overtime worked in FY 2017-18 was the equivalent of 894 FTE employees.

Of the \$397.5 million spent on wages in FY 2017-18, \$52.9 million (13.3 percent) was for overtime hours, which were primarily worked by security personnel. We found that 438 security personnel worked an average of 16.0 or more overtime hours each week in FY 2017-18.

Average Paid Overtime Hours Worked per Week by Security Personnel¹ | FY 2017-18



¹Includes correctional officers and correctional sergeants at adult institutions.

The 10 employees with the most paid overtime hours in FY 2017-18 worked from 69.0 hours to 93.2 hours per week, and their total earnings averaged \$117,500, of which \$71,000 (60.4 percent) was overtime pay.

We found that employee turnover for adult corrections increased from 18.6 percent in FY 2013-14 to 24.0 percent in FY 2017-18. The turnover rate for correctional officers increased the most, growing from 17.8 percent to 26.1 percent and varied substantially among institutions. We also found that four institutions had vacancy rates for their security positions of more than 20.0 percent in June 2018.

Managing Inmate Health Care

Since September 2014, DOC has required its institutions to complete monthly health services reports. The reports are intended to provide DOC with information on important health care indicators, such as the number of inmates with chronic health care conditions. However, we identified problems with both the completeness and accuracy of these reports that prevented a meaningful analysis. DOC's use

of its new electronic medical records system would enable DOC to improve management of inmate health care and potentially reduce future expenditures.

2013 Wisconsin Act 20 authorized the Wisconsin Medical Assistance program to take advantage of a change in federal law allowing eligible inmates to have their inpatient medical care covered under the program. We estimate that inmate participation in the program saved the State approximately \$40.8 million from April 2014 through July 2018.

To address increasing health care expenditures, DOC has taken steps to reduce health care costs, such as purchasing pharmaceuticals, medical supplies, and dental supplies through a multi-state compact to negotiate lower prices, and operating dialysis units at two of its institutions. However, it has not taken advantage of other opportunities to reduce costs, such as consolidating inmate transportation to medical appointments, and exploring the potential use of Medical Assistance funds to provide a nursing-home level of care to certain inmates.

Managing the Inmate Population

The inmate populations at most adult institutions have exceeded their design capacities for many years. The number of inmates housed in DOC's adult institutions was at an average of 133.8 percent of capacity in FY 2017-18. The adult inmate population is projected to increase by an average of approximately 2.0 percent during each of the next two years, growing to an average of 24,659 inmates in FY 2020-21.

To help address capacity issues, DOC increased the number of available contracted beds in county jails from 500 in May 2017 to 578 in June 2018. We found DOC has not entered into written agreements with all counties in whose jails it placed inmates, and we recommend that it do so.

A February 2014 report indicated that the largest, and potentially the most sustainable, reductions in corrections costs nationally have resulted from reductions to prison populations. In FY 2017-18, 62.8 percent of Wisconsin's total adult correctional expenditures were for personnel. However, the extent to which the number of inmates in DOC's institutions currently exceed their design capacities makes the objective of reducing personnel costs more challenging.

Recommendations

We recommend DOC report to the Joint Legislative Audit Committee by March 3, 2020, on its efforts to:

- consistently track expenditures, develop outcome measures, and routinely evaluate the effectiveness of each of its treatment and educational programs ([p. 29](#));

- ☑ record hours worked by all contract staff and analyze costs ([p. 36](#));
- ☑ evaluate the effectiveness of salary add-ons, signing bonuses, training academies, job fairs, and a potential new pay progression system ([p. 52](#));
- ☑ analyze and ensure the accuracy of data entered into its new electronic medical records system ([p. 55](#));
- ☑ submit a comprehensive report by January 15, 2020, to the Joint Legislative Audit Committee on inmate health care ([p. 55](#));
- ☑ work with DHS to develop a written agreement for administering the Wisconsin Resource Center ([p. 63](#));
- ☑ increase the use of telemedicine appointments as a cost savings measure ([p. 66](#));
- ☑ require all of its institutions to record and analyze non-emergency medical trip data ([p. 71](#));
- ☑ implement a centralized transportation scheduling system ([p. 71](#));
- ☑ work with DHS to determine whether Wisconsin would be eligible to use Medical Assistance funds to provide a nursing-home level of care to inmates with extraordinary health conditions ([p. 72](#));
- ☑ develop a plan for inmate placement and enter into contracts with all counties in which it places inmates ([p. 80](#)); and
- ☑ establish relationships with counties with which it does not currently contract to provide additional capacity if needed ([p. 81](#)).



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