

**Summary: Conference Report**  
**CORRECTIONS FY 2003-04**  
**House Bill 4390 (S-1) CR-1**



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**Overview**

The budget for the Department of Corrections (MDOC) funds the state prison system, supervision of parolees and felony probationers, community placement of selected prisoners, and a variety of offender programs, most notably treatment and education. It also funds training of corrections officers and centralized functions of administration, research, and financial operations. Prison construction, though, is not funded through the MDOC budget, but rather through Capital Outlay. Costs of prisoner custody and care currently amount to roughly 85% of the total MDOC budget, and growth in the prison population has been largely responsible for growth in corrections spending, particularly of the state GF/GP revenues that account for about 95% of the current Corrections budget. Over the past two decades, prison population, inflation-adjusted Corrections GF/GP spending, and Corrections' share of total state GF/GP all have almost quadrupled. In December 2002, there were 49,459 offenders in prisons and camps, and Corrections' GF/GP authorization was about 18% of total state GF/GP. As of June 20, 2003, the prison and camp population stood at 48,534.

**Summary of Major Budget Issues:**

**Conditional Reintegration Program** – New program aimed at curbing prison population growth through placing selected parole-eligible prisoners in corrections centers or tether immediately prior to parole. Program to be funded through combination of prison cost savings and offender reimbursements. Anticipated savings of roughly 750 beds. Not contingent on changes in truth-in-sentencing.

**County Jail Reimbursement Program** – Criteria amended to limit eligibility for reimbursement to offenders with sentencing guidelines scores indicative of a prison sentence. Estimated savings of \$7.0 million, \$1.5 million of which would remain with this program.

**Local Housing Program** – \$2.5 million, from jail reimbursement savings; to be used for reimbursing local units of government for housing state prisoners.

**Drunk Driver Program** – \$3.0 million, from jail reimbursement savings; to be used for assessment, treatment, local housing of felony drunk drivers; collateral purpose of opening jail beds for housing additional offenders who meet jail reimbursement criteria by virtue of their sentencing guidelines scores.

**Prisoner Education** – Reduction of \$2.5 million through elimination of programs for maximum security prisoners. Conference report restores \$8.5 million in funding eliminated by the House.

**Prisoner Health Care** – Increases of \$8.1 million for new contract for capitated managed care, \$5.1 million for pharmaceuticals. Revenue increase of \$110,000 through increasing prisoner co-pay from \$3 to \$5.

**Youth Correctional Facility** – Depletion of federal grant to be met with \$1.1 million GF/GP. Gross increase of \$2.2 million, of which \$1.4 million is for anticipated cost increases under new contract and remainder for 30-bed increase in offender population.

	FY 2002-03 YTD (as of 3/6/03)	Executive	House	Senate	Conference	Conference/YTD Difference	
						Amount	%
<b>IDG/IDT</b>	\$3,318,500	\$3,253,600	\$3,253,600	\$3,253,600	\$3,253,600	(\$64,900)	(2.0%)
<b>Federal</b>	26,403,400	27,798,400	27,798,400	27,798,400	27,798,400	1,395,000	5.3%
<b>Local</b>	391,100	391,100	391,100	391,100	391,100	0	0%
<b>Private</b>	0	0	0	0	0	0	0%
<b>Restricted</b>	55,750,600	60,748,800	60,858,800	60,858,800	60,858,800	5,108,200	9.2%
<b>GF/GP</b>	1,599,803,231	1,632,315,300	1,623,748,700	1,632,199,800	1,632,205,300	32,402,069	2.0%
<b>Gross</b>	<b>\$1,685,666,831</b>	<b>\$1,724,507,200</b>	<b>\$1,716,050,600</b>	<b>\$1,724,501,700</b>	<b>\$1,724,507,200</b>	<b>38,840,369</b>	<b>2.3%</b>
<b>FTEs</b>	18,843.9	18,308.7	18,308.7	18,266.7	18,312.7	(535.2)	(2.8%)

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>	<u>YTD FY 2002-03</u>	<u>Conference Change</u>
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### ALTERNATIVES TO PRISON INCARCERATION

<b>1. Conditional Reintegration Program (CRP)</b>	<b>Gross</b>	<b>\$0</b>	<b>\$7,897,200</b>
<b>Executive</b> proposed new Conditional Reintegration Program, under which selected prisoners would be placed in centers or on tether immediately prior to parole. Funded with \$6.0 million prison cost savings and \$1.9 million in collections from program participants. Original projection of 1,375 beds saved was pared to roughly 750 due to decision to avoid changes to truth-in-sentencing statute. <b>Conference</b> concurs.	Federal	0	0
	Restricted	0	1,865,100
	GF/GP	\$0	\$6,032,100

<b>2. County Jail Reimbursement Program (CJRP)</b>	<b>Gross</b>	<b>\$17,700,000</b>	<b>(\$4,451,000)</b>
This program provides counties with per-diem payments for housing certain offenders; reimbursement criteria and rates are set in annual budget act boilerplate. <b>Executive</b> proposes to revise criteria to delete third-offense drunk driving (OUIL3) as a stand-alone criterion. Thus, for an OUIL offender's jail term to qualify under the program, the offender would have to have a sentencing guidelines score reflective of a prison sentence. Predicted savings of \$7.0 million; under <b>House</b> substitute, \$5.5 million redirected to other local programs (see below). Anticipated \$1.0 million increase in civil infraction revenues offsets distributions to other line items. <b>Senate</b> and <b>Conference</b> concur with House.	Federal	0	0
	Restricted	17,700,000	(4,451,000)
	GF/GP	\$0	\$0

<b>3. Local Housing Program</b>	<b>Gross</b>	<b>\$0</b>	<b>\$2,451,000</b>
Under <b>House</b> substitute, \$2.5 million of the savings achieved through CJRP criteria change funds a new line item to be used to lease local beds to house state prisoners, should that become necessary. <b>Senate</b> and <b>Conference</b> concur with House.	Federal	0	0
	Restricted	0	2,451,000
	GF/GP	\$0	\$0

<b>4. Drunk Driver Program</b>	<b>Gross</b>	<b>\$0</b>	<b>\$3,000,000</b>
Under <b>House</b> substitute, \$3.0 million of the savings achieved through the change in CJRP criteria funds a new line item to be used to increase local resources for treating and housing felony drunk drivers. Funding to be used for assessment, treatment, and local housing of felony drunk drivers; collateral purpose of opening jail beds for housing additional offenders who meet jail reimbursement criteria by virtue of their sentencing guideline scores. <b>Senate</b> and <b>Conference</b> concur with House.	Federal	0	0
	Restricted	0	3,000,000
	GF/GP	\$0	\$0

<b>5. Parole and Probation Services</b>	<b>Gross</b>	<b>\$2,455,300</b>	<b>\$1,412,000</b>
<b>Executive</b> proposed to spend down the balance of the statutory twenty-percent set-aside of parole and probation oversight fees. Funding to be used to enhance services in conjunction with the proposed conditional reintegration program (CRP). <b>Conference</b> concurs.	Federal	0	0
	Restricted	2,455,300	1,412,000
	GF/GP	\$0	\$0

<b>Major Budget Changes from FY 2002-03 YTD Appropriations:</b>		<b>YTD FY 2002-03</b>	<b>Conference Change</b>
<b>6. Community Corrections Grant Programs</b>	<b>Gross</b>	<b>\$26,066,300</b>	<b>\$1,963,700</b>
Under <b>Executive</b> and <b>House</b> versions, current-year Executive	Federal	0	0
Order reductions to be reversed. Restores \$651,700 to	Restricted	1,492,100	0
Comprehensive Plans and Services and \$1,312,000 to	GF/GP	\$12,192,100	\$1,963,700
Probation Residential Centers. <b>Conference</b> concurs.			

#### **PRISON AND CAMP BED SPACE CHANGES**

<b>7. Youth Correctional Facility</b>	<b>Gross</b>	<b>\$11,400,700</b>	<b>\$2,167,000</b>
Current operating contract for the privately-owned and –	Federal	11,400,700	(1,124,500)
operated Michigan Youth Correctional Facility expires July	Restricted	0	0
20, 2003. <b>Executive</b> proposed \$1.4 million for anticipated	GF/GP	\$0	\$1,124,500

cost of new contract, \$770,700 to recognize 30-bed increase gained through double-bunking administrative segregation unit. Addition of GF/GP funding offsets depletion of federal grant. **Conference** concurs.

<b>8. Beds open and partially funded in prior year</b>	<b>Gross</b>	<b>\$6,871,700</b>	<b>\$8,217,900</b>
<b>Executive</b> included funding to meet full-year costs of beds	Federal	0	0
open and receiving partial-year funding in the current fiscal	Restricted	0	0
year (485 beds at Egeler's C Unit, 240 beds each at Macomb	GF/GP	\$6,871,700	\$8,217,900
and Saginaw, 210 beds through double-bunking at Riverside).			
<b>Conference</b> concurs.			

<b>9. Beds open and unfunded in prior year</b>	<b>Gross</b>	<b>\$0</b>	<b>\$2,255,200</b>
<b>Executive</b> included funding to meet full-year costs of beds	Federal	0	0
open and receiving no funding in the current fiscal year (56	Restricted	0	0
beds at Lakeland, 42 beds at Cotton, 50 beds at Crane, 24 beds	GF/GP	\$0	\$2,255,200
at Egeler, and 99 beds at 11 different locations). <b>Conference</b>			
concurr.			

<b>10. Camp Lehman</b>	<b>Gross</b>	<b>\$2,410,600</b>	<b>(\$1,389,200)</b>
Current-year budget included \$2.4 million and 29.4 FTEs to	Federal	0	0
support the planned double-bunking of 240 beds at Camp	Restricted	0	0
Lehman. Due to difficulties securing adequate water and	GF/GP	\$2,410,600	(\$1,389,000)
sewer service at that site, the <b>Executive</b> recommended a			
reduction of 200 beds and associated funding support.			
<b>Conference</b> concurs.			

#### **PRISONER HEALTH CARE AND PROGRAMS**

<b>11. Managed Care Contract</b>	<b>Gross</b>	<b>\$52,729,100</b>	<b>\$8,138,400</b>
<b>Executive</b> recommended increase to meet costs of new	Federal	0	0
managed care contract for prisoner hospital and specialty care,	Restricted	0	0
which takes effect April 1, 2003. <b>Conference</b> concurs.	GF/GP	\$52,729,100	\$8,138,400

<b><u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u></b>		<b><u>YTD FY 2002-03</u></b>	<b><u>Conference Change</u></b>
<b>12. Pharmaceutical Cost Increases</b>		<b>Gross</b>	<b>\$5,051,700</b>
<b>Executive</b> recommended increase of \$5.1 million for pharmaceutical price and volume increases, including an increase of \$674,900 for psychotropic medications. <b>Conference</b> concurs.	Federal		0
	Restricted		0
	GF/GP		\$5,051,700
<b>13. Health Care Co-Pay</b>		<b>Gross</b>	<b>\$0</b>
<b>Executive</b> recognized actual collections with \$90,000 increase in prisoner health care co-pay revenues. <b>House</b> anticipated another \$110,000 in additional revenue through increase (from \$3 to \$5) in co-pay amount. <b>Senate</b> and <b>Conference</b> concur with <b>House</b> .	Federal	0	0
	Restricted	101,200	200,000
	GF/GP	\$0	(\$200,000)
<b>14. Academic/vocational Programs</b>		<b>Gross</b>	<b>\$35,177,700</b>
<b>Executive</b> proposed savings of \$2.6 million in conjunction with elimination of education programs for maximum-security prisoners. <b>House</b> further reduced this line by additional \$8,456,600; associated boilerplate expressed an intent to appropriate this sum for educational purposes. <b>Senate</b> and <b>Conference</b> report restore the \$8.5 million in funding.	Federal	0	0
	Restricted	0	0
	GF/GP	\$35,177,700	(\$2,567,000)
<b><u>MISCELLANEOUS PERSONNEL AND ADMINISTRATIVE MATTERS</u></b>			
<b>15. New Corrections Officer Training</b>		<b>Gross</b>	<b>\$10,968,600</b>
<b>Executive</b> assumed no increase in prison capacity, and therefore recommends funding for training only as many new corrections officers as needed to accommodate staff turnover. Result is a decrease from current funding level. <b>Conference</b> concurs.	Federal	0	0
	Restricted	0	0
	GF/GP	\$10,968,600	(\$7,968,400)
<b>16. FY 2001-02 Early Retirement Program</b>		<b>Gross</b>	<b>\$23,370,900</b>
<b>Executive</b> recommended additional funding as a result of FY 2001-02 early retirement program. Figure is the net of increased costs due to statewide apportionment of retiree health care (\$28.3 million GF/GP) and savings accruing through retirements that were delayed until current year (\$5.3 million Gross and GF/GP). <b>Conference</b> concurs.	Federal		0
	Restricted		319,000
	GF/GP		\$23,051,900
<b>17. Administrative and Support Staffing</b>		<b>Gross</b>	<b>(\$10,180,800)</b>
<b>Executive</b> recommended reduction of 170.5 FTEs in administrative and support staffing, with associated funding reduction. <b>Conference</b> concurs.	Federal		0
	Restricted		0
	GF/GP		(\$10,180,800)

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>	<u>YTD FY 2002-03</u>	<u>Conference Change</u>
<b>18. Leap Year Funding</b>	<b>Gross</b>	<b>\$3,937,900</b>
Calendar year 2004 is a leap year, and thus the <b>Executive</b>	Federal	0
recommended one-time additional funding of \$3.9 million to	Restricted	55,500
fund costs deriving from having an additional day in FY	GF/GP	\$3,882,400
2003-04. <b>Conference</b> concurs.		

#### Major Boilerplate Changes from FY 2002-03:

##### **Sec. 215. Administrative Efficiencies Work Project – EXCLUDED**

The **Executive** recommended language aimed at encouraging administrative efficiencies through boilerplate that would appropriate up to one-half of certain savings achieved in FY 2002-03. The language would specify that the appropriation would be subject to the approval of the state budget director, and would have to be spent for the same purpose for which the original appropriation was made in FY 2002-03. The **Conference report** does not include this language.

##### **Secs. 215, 216, 217. Youth Correctional Facility – RETAINED**

The **Executive** would delete sections that require quarterly reports on the youth correctional facility (Sec. 214), specify certain duties for the contract monitor (Sec. 215), and provide for corrections subcommittee chairs promptly to receive copies of any invitations to bid on the youth correctional facility contract (Sec. 216). The **Conference report** retains the language with modification.

##### **Secs. 218, 262(3), new Sec. 218. Hepatitis C – RETAINED/NEW**

**Executive** would delete current law sections that required prisoner education on Hepatitis C (Sec. 218) and that prisoners be given opportunity to be tested prior to parole (Sec. 262(3)). The **House** renumbered and retained the language and further required the department to conduct a survey of prisoner intake to determine the incidence of Hepatitis C among the prisoner population (new Sec. 218). The **Conference report** includes the language passed by the House.

##### **Sec. 224. Unfunded Economics – NEW**

**Senate** added requirement for Department to report on how it will implement reductions to compensate for unfunded economic increases in salaries, insurance, and retirement. The **Conference report** includes this requirement.

##### **Sec. 225. Sewer services for Certain Correctional Facilities – EXCLUDED**

**Senate** prohibited expenditures for contract for connection of Gus Harrison and Parr Highway correctional facilities to new sewage disposal system under construction in Lenawee County's Madison Charter Township. **Conference report** does not include this provision.

##### **Sec. 404. Staffing Ratios – RETAINED**

The **Executive** would delete current-year language that requires a report on staffing ratios at the correctional facilities. The **Conference report** includes the language.

##### **Sec. 406. Prisoner transport – NEW**

**Senate** added requirement for cost/benefit analysis on privatizing prisoner transport. **Conference report** retains.

## **Major Boilerplate Changes from FY 2002-03:**

### ***Sec. 706. County Jail Reimbursement Program – MODIFIED***

"For the purpose of reimbursing counties for housing in jails felons who otherwise would have been sentenced to prison," the county jail reimbursement program provides counties with per diem payments using criteria set by boilerplate language. Two sets of criteria exist; one applying to offenders sentenced under comprehensive sentencing guidelines enacted in 1998 (which apply to offenses occurring on or after January 1, 1999), the other to offenders sentenced for offenses occurring prior to January 1, 1999. Each set allows qualification by virtue of a sentencing guidelines score indicative of a prison sentence or by virtue of a conviction for third-offense drunk driving (OUIL 3). The **Executive** recommended eliminating OUIL 3 as a stand-alone criterion, thus conditioning qualification on one of the remaining criteria and generating anticipated savings of \$6,951,000. The **Executive** proposed using this \$7.0 million in savings to fund a local facility expansion program. The **House** split the savings three ways: \$1.5 million to stay with the county jail reimbursement program (thus providing additional funds for reimbursements for offenders diverted from likely prison sentences); \$2.5 million to go into a local housing program line item (see below); and, \$3.0 million to go into a new felony drunk driver program (see below). The **Senate** and **Conference** concurred with the House.

### ***Sec. 707. Local Housing Program – NEW***

The FY 1997-98 budget act funded a local facility expansion program "to allow local units of government to directly or indirectly expand local capacities to house felons who otherwise likely would be prison bound...or who currently are incarcerated in prison." The **Executive** proposed a new local facility expansion program that would be funded with the \$7.0 million in savings anticipated through the operation of changes in jail reimbursement program criteria. The **House** instead used \$2.5 million of the savings for a more narrowly defined purpose of reimbursing local units of government for housing state prisoners. The **Senate** and **Conference** concurred with the House.

### ***Sec. 710. Felony Drunk Driver Program – NEW***

The **House** used \$3.0 million of jail reimbursement savings for new program to provide additional resources to assess, house, and treat felony drunk drivers, and to open jail space for housing additional offenders whose sentencing guidelines scores are indicative of prison sentences, and who therefore would continue to qualify for reimbursement under the county jail reimbursement program. The **Senate** and **Conference** concurred with the House.

### ***Sec. 905. "Frequent Flyers" – NEW***

**House** added provision requiring Department to identify and manage prisoners who abuse the availability of medical services by obtaining transportation to off-site medical care when unnecessary or reasonably avoidable. **Senate** and **Conference report** retain.