

Summary:
CORRECTIONS FY 2003-04
House Bill 4390 (H-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, however, 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. As of December 2003, the prison and camp population stood at 49,459, and Corrections' GF/GP authorization was about 18% of total state GF/GP.

Summary of Major Budget Issues:

Conditional Reintegration Program – Proposes new program aimed at curbing prison population growth through placing selected parole-eligible prisoners in corrections centers or tether immediately prior to parole. Funded with \$6.0 million prison cost savings and \$1.9 million in collections from program participants. Anticipated savings of roughly 750 beds. Not contingent on changes in truth-in-sentencing.

County Jail Reimbursement Program – Revises reimbursement criteria to limit reimbursement to offenders with sentencing guidelines scores indicative of a prison sentence. Estimated savings of \$7.0 million. \$1.5 million would remain with this program, \$2.5 million would go to a new line item to fund leasing of local beds to house prisoners, \$3.0 million would go to a new drunk driver program aimed at providing local resources to house and treat felony drunk drivers.

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 Health Care – Increases of \$8.1 million for new contract for capitated managed care, \$5.1 million for pharmaceuticals. Revenue increase of \$110,000 million 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 2003-04 Recommendations

	FY 2002-03 YTD (as of 3/6/03)	Executive	House	Senate	Enacted	Difference: House to 2002-03 YTD	
						Amount	%
IDG/IDT	\$3,318,500	\$3,253,600	\$3,253,600			(\$64,900)	(2.0%)
Federal	26,403,400	27,798,400	27,798,400			1,395,000	5.3%
Local	391,100	391,100	391,100			0	0%
Private	0	0	0			0	0%
Restricted	55,750,600	60,748,800	61,748,800			5,108,200	9.2%
GF/GP	1,599,803,231	1,632,315,300	1,632,205,300			32,402,069	2.0%
Gross	\$1,685,666,831	\$1,724,507,200	\$1,724,507,200			38,840,369	2.3%
FTEs	18,843.9	18,308.7	18,308.7				

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

1. Conditional Reintegration Program (CRP)	Gross	\$0	\$7,897,200
Executive proposes new Conditional Reintegration Program, under which prisoners would be placed in centers or on tether immediately prior to parole. Program to be funded through combination of prison cost savings and offender reimbursement. Proposed House concurs.	Federal	0	0
	Restricted	0	1,865,100
	GF/GP	\$0	\$6,032,100
2. County Jail Reimbursement Program (CJRP)	Gross	\$17,700,000	(\$4,451,000)
This program provides counties with per-diem payments for housing certain offenders; reimbursement criteria and rates are set in annual budget act boilerplate. Executive proposes to revise criteria to delete third-offense drunk driving (OUIL3) as a stand-alone criterion. Thus, for an OUIL offender to qualify under the program, he or she would have to have a sentencing guidelines score reflective of a prison sentence. Predicted savings of \$7.0 million; under proposed House , \$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.	Federal	0	0
	Restricted	17,700,000	(4,451,000)
	GF/GP	\$0	\$0
3. Local Housing Program	Gross	\$0	\$2,451,000
Under proposed House , \$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	Federal	0	0
	Restricted	0	2,451,000
	GF/GP	\$0	\$0
4. Drunk Driver Program	Gross	\$0	\$3,000,000
Under proposed House , \$3.0 million of the savings achieved through CJRP criteria change funds a new line item to be used to increase local resources for treating and housing felony drunk drivers.	Federal	0	0
	Restricted	0	3,000,000
	GF/GP	\$0	\$0
5. Parole and Probation Services	Gross	\$2,455,300	\$1,412,000
Executive proposes 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). Proposed House concurs.	Federal	0	0
	Restricted	2,455,300	1,412,000
	GF/GP	\$0	\$0
6. Community Corrections Grant Programs	Gross	\$26,066,300	\$1,963,700
Current-year Executive Order reductions to be reversed.	Federal	0	0
Restores \$651,700 to Comprehensive Plans and Services and \$1,312,000 to Probation Residential Centers.	Restricted	1,492,100	0
	GF/GP	\$12,192,100	\$1,963,700

PRISON AND CAMP BED SPACE CHANGES

6. Youth Correctional Facility

Current operating contract for the privately-owned and – operated Michigan Youth Correctional Facility expires July 20, 2003. **Executive** proposes \$1.4 million for anticipated cost of new contract, \$770,700 to recognize 80-bed increase gained through double-bunking administrative segregation unit. Addition of GF/GP funding offsets depletion of federal grant. Proposed **House** concurs.

Gross	\$11,400,700	\$2,167,000
Federal	11,400,700	(1,124,500)
Restricted	0	0
GF/GP	\$0	\$1,124,500

7. Beds open and partially funded in prior year

Executive includes funding to meet full-year costs of beds open and receiving partial-year funding in the current fiscal year (485 beds at Egeler's C Unit, 240 beds each at Macomb and Saginaw, 210 beds through double-bunking at Riverside). Proposed **House** concurs.

Gross	\$6,871,700	\$8,217,900
Federal	0	0
Restricted	0	0
GF/GP	\$6,871,700	\$8,217,900

8. Beds open and unfunded in prior year

Executive includes funding to meet full-year costs of beds open and receiving no funding in the current fiscal year (56 beds at Lakeland, 42 beds at Cotton, 50 beds at Crane, 24 beds at Egeler, and 99 beds at 11 different locations). Proposed **House** concurs.

Gross	\$0	\$2,255,200
Federal	0	0
Restricted	0	0
GF/GP	\$0	\$2,255,200

9. Camp Lehman

Current-year budget included \$2.4 million and 29.4 FTEs to support the planned double-bunking of 240 beds at Camp Lehman. Due to difficulties securing adequate water and sewer service at that site, the **Executive** recommends a reduction of 200 beds and associated funding support. Proposed **House** concurs.

Gross	\$2,410,600	(\$1,389,200)
Federal	0	0
Restricted	0	0
GF/GP	\$2,410,600	(\$1,389,000)

PRISONER HEALTH AND MENTAL HEALTH CARE

10. Managed Care Contract

Executive recommends increase to meet costs of new managed care contract for prisoner hospital and specialty care, which takes effect April 1, 2003. Proposed **House** concurs.

Gross	\$52,729,100	\$8,138,400
Federal	0	0
Restricted	0	0
GF/GP	\$52,729,100	\$8,138,400

11. Pharmaceutical Cost Increases

Executive recommends increase of \$5.1 million for pharmaceutical price and volume increases, including an increase of \$674,900 for psychotropic medications. Proposed **House** concurs.

Gross	\$5,051,700
Federal	0
Restricted	0
GF/GP	\$5,051,700

12. Health Care Co-Pay

Executive recognized actual collections with \$90,000 increase in prisoner health care co-pay revenues. Proposed **House** anticipates another \$110,000 in additional revenue through increase (from \$3 to \$5) in co-pay amount.

Gross	\$0	\$0
Federal	0	0
Restricted	101,200	200,000
GF/GP	\$0	(\$200,000)

MISCELLANEOUS PERSONNEL AND ADMINISTRATIVE MATTERS

13. New Corrections Officer Training

	Gross	\$10,968,600	(\$7,968,400)
Executive assumes 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. Proposed House concurs.	Federal	0	0
	Restricted	0	0
	GF/GP	\$10,968,600	(\$7,968,400)

14. FY 2001-02 Early Retirement Program

	Gross	\$23,370,900
Executive recommends 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). Proposed House concurs.	Federal	0
	Restricted	319,000
	GF/GP	\$23,051,900

15. Administrative and Support Staffing

	Gross	(\$10,180,800)
Executive recommends reduction of 170.5 FTEs in administrative and support staffing, with associated funding reduction. Proposed House concurs.	Federal	0
	Restricted	0
	GF/GP	(\$10,180,800)

16. Leap Year Funding

	Gross	\$3,937,900
Calendar year 2004 is a leap year, and thus the Executive recommends one-time additional funding of \$3.9 million to fund costs deriving from having an additional day in FY 2003-04. Proposed House concurs.	Federal	0
	Restricted	55,500
	GF/GP	\$3,882,400

Major Boilerplate Changes from FY 2002-03:

Sec. 215. Administrative Efficiencies Work Project – EXCLUDED

The **Executive** recommends 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 specifies 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 **Proposed House Substitute** 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 **Proposed House Substitute** 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 **Proposed House Substitute** renumbers and retains the language and further requires the department to conduct a survey of prisoner intake to determine the incidence of Hepatitis C among the prisoner population (new Sec. 218).

Major Boilerplate Changes from FY 2002-03 (continued):

Sec. 404. Staffing Ratios – RETAINED

The **Executive** would delete current-year language that requires a report on staffing ratios at the correctional facilities. The **Proposed House Substitute** retains the language.

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** would eliminate OUIL 3 as a stand-alone criterion, thereby conditioning qualification on one of the remaining criteria, thereby generating anticipated savings of \$6,951,000, which would be used to fund the local facility expansion program (see below). The **Proposed House Substitute** concurs.

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 **Proposed House Substitute** instead uses \$2.5 million of the savings for a more narrowly defined purpose of reimbursing local units of government for housing state prisoners.

Sec. 710. Felony Drunk Driver Program – NEW

Proposed House Substitute uses \$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.