

Summary: SB 1064 (H-1)
CORRECTIONS FY 2004-05
June 7, 2004



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	FY 2003-04 YTD (as of 2/12/04)	Revised Executive May 27, 2004	Senate	House Committee	Enacted	Difference: House from FY04 YTD	
						Amount	%
IDG/IDT	\$3,253,600	\$3,364,200	\$3,364,200	\$3,364,200		\$110,600	3.4
Federal	27,798,400	9,808,000	9,808,000	7,788,100		(20,010,300)	(72.0)
Local	391,100	393,600	393,600	393,600		2,500	0.6
Private	0	0	0	0		0	0.0
Restricted	65,057,100	68,090,600	68,090,600	65,090,100		33,000	0.1
GF/GP	1,609,272,281	1,728,409,000	1,722,962,500	1,711,070,300		101,798,019	6.3
Gross	\$1,705,772,481	\$1,810,065,400	\$1,804,618,900	\$1,787,706,300		\$81,933,819	4.8
FTEs	18,312.7	17,804.6	17,804.6	17,804.6		(508.1)	(2.8)

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.

Current-year appropriations for prisoner custody and care amount to over 80% of the total MDOC authorization, and growth in the prison population has been largely responsible for growth in the corrections spending, particularly of the state GF/GP revenues that account for nearly 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 more than tripled. Over the course of 2003, however, prison population declined by about 570, to 48,887 prisoners as of December 31, 2003. Over the same period, the combined parole and probation caseload increased by over 1,420, to 72,620 offenders. Due to the impact of truth-in-sentencing, which requires a prisoner's full minimum term to be served in secure confinement, the number of prisoners in community placement (centers and electronic tether) declined from 1,132 to 470. Total MDOC supervised population at year's end was 121,977.

Summary of FY 2004-05 Major Budget Issues

Prison Changes

Executive, Senate, and Proposed House: Closes Western Wayne Correctional Facility, a women's prison in Plymouth; Huron Valley Center, currently a correctional psychiatric facility, to be re-converted to a women's prison; adjacent Huron Valley Correctional Facility to house the psychiatric facility; overall savings estimated at roughly \$20 million with reduction of approximately 310 beds. Male prisoners displaced by the conversion at Huron Valley Correctional Facility to be spread throughout system, including Oaks Correctional Facility, which is to be converted from a Level V to a Level IV facility and double-bunked to gain 412 beds. Operational costs at Oaks thus to increase by \$1.8 million. Oaks conversion to occur in conjunction with conversion of housing units at Ionia Maximum from Level VI to Level V, with accompanying gain of 31 beds and \$1.1 million savings.

Administrative and Programmatic Reductions

Senate reduces Executive Recommendation by \$20 million: \$386,700 through 1% reductions to various administrative line items, \$5.3 million from substance abuse testing and treatment, \$5.9 million through near-elimination of proposed Hepatitis C testing and treatment line item (see below), \$5.0 million from academic/vocational programs, \$1.5 million through elimination of Executive's funding for development of time computation module, and \$2.0 million through inclusion of negative line item for transportation efficiencies.

Proposed House partially restores Senate reductions to Hepatitis C testing and treatment, substance abuse testing and treatment, and academic/vocational programs, for a total of \$8.6 million in restorations, funded through \$9.6 million in reductions to worker's compensation, Michigan youth correctional facility, pharmaceutical costs, training costs, and consent decree appropriations.

Local Programs

Executive, Senate, and Proposed House: Field Operations increases of: \$3.2 million for additional 31 parole/probation agents to meet rising caseload, \$3.5 million for new female parolee residential program. In Community Corrections: eliminates \$2.5 million Local Facility Housing program (for reimbursing locals for housing state prisoners if needed); increases probation residential center funding by \$831,400 and creates \$1.6 million Jail Crowding Reduction Program and \$400,000 Treatment Program. Executive's associated boilerplate language not included in Senate or Proposed House.

Health Care

Original Executive Recommendation proposed \$5.9 million line item for Hepatitis C testing and treatment, \$279,000 of which was for increased costs of Hepatitis C pharmaceuticals; Senate eliminated all but \$100 of line item; Revised Executive Recommendation reduced recommended funding to \$2.3 million; Proposed House funds at half of Executive revision. Executive, Senate, and Proposed House: provides additional \$932,400 for other pharmaceutical price and volume increases; figure includes adjustment for \$1.0 million savings expected under revision of formulary.

Federal Funding Replacement

Executive, Senate, and Proposed House: due to depletion of federal grant in current fiscal year, replaces \$18.0 million in federal funding for Youth Correctional Facility with GF/GP.

Employee-related Increases and Savings

Executive, Senate, and Proposed House increases include: \$153.5 million GF/GP for economic increases for employee salaries and wages, insurances, and retirement; \$12.1 million for step increases. Reductions include: 242.4 FTEs and \$12.8 million savings through utilization of improved security technology; 44.0 FTEs and \$859,300 savings under statewide human resources optimization; 21.8 FTEs and at least \$1.4 million in savings through improved prisoner transportation (Senate and Proposed House assume total of \$3.4 million in transportation savings); unspecified employee-related savings of \$45.1 million GF/GP, or 5 percent of salaries.

Major Budget Changes from FY 2003-04 YTD Appropriations:	FY 2003-04 YTD (as of 2/12/04)	House Change
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PRISON AND CAMP OPERATIONS

1. Close Western Wayne, Re-fit Huron Valley facilities

Executive, Senate, and Proposed House: close Western Wayne Correctional Facility, a women's prison in Plymouth; funding, beds, and FTEs associated with that prison (\$24.7 million GF/GP, 778 beds, 299.5 FTEs) transferred to Inmate Housing Fund line item. Huron Valley Center, formerly a women's prison and now a correctional psychiatric facility, to be re-converted to house female prisoners; no associated changes to that line item. Adjacent Huron Valley Correctional Facility, a Level IV men's prison, to be converted to psychiatric facility; funding associated with mental health treatment program retained and transferred to Inmate Housing Fund, remainder of funding eliminated. Huron Valley prisoners to be dispersed through the system, including to Oaks Correctional Facility (see below).

Beds	N/A	(310)
FTEs	N/A	(279.2)
Gross	N/A	(\$20,501,600)
Restricted	N/A	(29,400)
GF/GP	N/A	(\$20,472,200)

Net reductions of 310 beds, 279.2 FTEs, and \$20.5 million.

2. Convert Oaks Maximum to Double-Bunked Level IV

Executive, Senate, and Proposed House: Oaks Maximum, a Level V prison in Eastlake, converted to double-bunked Level IV. Conversion of 316 Level V beds undertaken (but unfunded) in current fiscal year; additional 96 administrative segregation beds to be converted in August 2005. Overall gain of 412 beds with additional 1.2 FTEs and \$1.8 million.

Beds	900	412
FTEs	378.6	1.2
Gross	\$29,565,400	\$1,845,700
Restricted	559,100	0
GF/GP	\$29,506,300	\$1,845,700

Major Budget Changes from FY 2003-04 YTD Appropriations:		FY 2003-04 YTD (as of 2/12/04)	House Change
3. Convert Ionia Maximum Units to Level V			
<u>Executive, Senate, and Proposed House:</u> conversion of two Level VI administrative segregation units at Ionia Maximum to Level V general population; Level VI transition unit to become Level V transition unit. Remaining two Level VI units to remain unchanged. Administrative segregation prisoners otherwise housed at I-Max to be housed elsewhere. Gain of 31 beds, reductions of 18.0 FTEs, \$1.1 million.			
	Beds	636	31
	FTEs	359.6	(18.0)
	Gross	\$26,733,700	(\$1,087,000)
	Restricted	23,000	0
	GF/GP	\$26,710,700	(\$1,087,000)
4. Jackson Beds Full-Year Funding			
<u>Executive, Senate, and Proposed House:</u> full-year funding for various beds in former Jackson Maximum Correctional Facility, currently attached to Egeler Correctional Facility. For 7-Block: adds 39.2 FTEs and \$9.3 million for 485 beds currently receiving partial-year funding. For A and B Units: adds full-year funding costs for 240 beds in A-Unit and partial-year funding costs for 240 B-Unit beds opening in early 2005, for overall increase of 480 beds (phased-in), 58.2 FTEs, and \$5.1 million.			
	Beds	0	480
	FTEs	0.0	97.4
	Gross	\$0	\$14,378,200
	GF/GP	\$0	\$14,378,200
5. Postpone Macomb Drop-in Unit			
<u>Executive, Senate, and Proposed House:</u> eliminate current-year's full-year funding for 240-bed Level IV drop-in unit at Macomb Correctional Facility in New Haven. Opening of unit postponed until at least FY 2005-06. Reductions of 240 beds, 39.0 FTEs, \$3.6 million.			
	Beds	240	(240)
	FTEs	39.0	(39.0)
	Gross	\$3,613,200	(\$3,613,200)
	GF/GP	\$3,613,200	\$3,613,200
6. Camps Lehman and Tuscola			
<u>Executive, Senate, and Proposed House:</u> provide partial-year funding for 200 beds to reopen at Camp Lehman in March 2005; 22.5 FTEs, \$1.6 million. Provides partial-year funding for reopening the 100-bed Camp Tuscola annex (closed in the current fiscal year under Executive Order 2003-23) in June 2005; 14.0 FTEs, \$333,300. (No FY 2004-05 FTE adjustment shown for Camp Tuscola, which has 14.0 FTEs; although the annex was closed and the funding eliminated under Executive Order, the Executive Order reduced funding only. Technically, the 14.0 FTEs remain part of the current year's authorization.)			
	Beds	N/A	300
	FTEs	N/A	22.5
	Gross	N/A	\$1,885,600
	GF/GP	N/A	\$1,885,600
7. Scott Correctional Facility			
<u>Executive, Senate, and Proposed House:</u> fund full-year costs of additional 23 beds at Scott Correctional Facility (in Plymouth).			
	Beds	N/A	23
	FTEs	N/A	5.2
	Gross	N/A	\$489,500
	GF/GP	N/A	\$489,500
8. Youth Correctional Facility Federal Funds Replacement			
<u>Executive, Senate, and Proposed House:</u> increase GF/GP support of the privately-owned and -operated Michigan Youth Correctional Facility in Baldwin. Formerly wholly-supported by federal Violent Offender Incarceration/Truth in Sentencing funds; anticipated depletion of that federal grant led to replacement of \$1.1 million of federal funds with GF/GP in FY 2003-04. <u>Executive</u> adds \$18.0 million GF/GP to meet adjusted full year costs in FY 2004-05. <u>Senate</u> concurred. <u>Proposed House</u> reduces funding by \$150,000, to align funding with contractual per diem payment and bed count.			
	Beds	480	0
	FTEs	1.0	0.0
	Gross	\$19,360,000	(\$239,900)
	Federal	18,089,400	(18,239,400)
	GF/GP	\$1,270,600	\$17,839,400

Major Budget Changes from FY 2003-04 YTD Appropriations:		FY 2003-04 YTD (as of 2/12/04)	House Change
9. Technology Improvements/Custody Staffing Reduction <u>Executive</u> , <u>Senate</u> , and <u>Proposed House</u> : eliminate 242.4 custody FTEs (which may include guard tower positions) through utilization of improved security technology. Net savings of \$12.8 million reflects \$2.1 million additional funding for equipment offsetting \$14.9 million savings through staffing reduction.	FTEs	N/A	(242.4)
	Gross	N/A	(\$12,808,800)
	GF/GP	N/A	(\$12,808,800)
10. Prisoner Transportation <u>Executive</u> eliminated 21.8 FTEs and \$1.4 million due to anticipated efficiencies in prisoner transportation. <u>Senate</u> further included \$2.0 million negative line item for "transportation efficiencies." <u>Proposed House</u> concurs with Senate.	FTEs	N/A	(21.8)
	Gross	N/A	(\$3,413,100)
	GF/GP	N/A	(\$3,413,000)
11. Eliminate Funding for Closed Michigan Reformatory <u>Executive</u> , <u>Senate</u> , and <u>Proposed House</u> : eliminate funding for the closed Michigan Reformatory, in Ionia; \$813,000 and 18.0 positions eliminated from the Inmate Housing Fund. Reformatory-related funding in DOJ consent decree line transferred to Bellamy Creek Correctional Facility (\$3,225,700 and 54.7 FTEs).	Beds	N/A	0
	FTEs	N/A	(18.0)
	Gross	N/A	(\$813,000)
	GF/GP	N/A	(\$813,000)
12. Prisoner Education <u>Executive</u> maintained current-year funding levels for academic and vocational programs, adjusting only for bed space changes, economics, employee-related savings, and the like. <u>Senate</u> reduced by \$5.0 million. <u>Proposed House</u> restores \$2.5 million, half of the Senate reduction,	FTEs	424.5	0.0
	Gross	\$31,679,800	(\$2,500,000)
	GF/GP	\$31,679,800	(\$2,500,000)
OFFENDER HEALTH CARE AND TREATMENT			
13. Hepatitis C Testing and Treatment <u>Executive</u> originally proposed new \$5.9 million line item for Hepatitis C testing and treatment; following completion of seroprevalence study among prisoner intake, <u>Revised Executive</u> recommended \$2.3 million. <u>Senate</u> reduced to \$100 placeholder. <u>Proposed House</u> funds at half the amount recommended under Executive Revision.	Gross	N/A	\$1,150,000
	GF/GP	N/A	\$1,150,000
14. Pharmaceutical Costs <u>Executive</u> and <u>Senate</u> : increase funding for pharmaceuticals exclusive of those to treat Hepatitis C by \$932,400, a figure that includes \$1.0 million in savings anticipated under revision of formulary. <u>Proposed House</u> further assumes savings of \$2.0 million through privatization of pharmaceutical services and \$1.6 million through statutory changes allowing re-dispensing of unused pharmaceuticals.	Gross	N/A	(\$2,667,600)
	GF/GP	N/A	(\$2,667,600)
15. Mental Health Program and Custody Staff <u>Executive</u> , and <u>Senate</u> : savings of \$2.6 million assumed through changes in mental health residential psychiatric program that would feature a less-expensive partial hospitalization as a transitional placement between hospitalization (currently at the Huron Valley Center) and the residential treatment program (residential psychiatric units located within various prisons). <u>Proposed House</u> : additional reductions of \$1.0 million to mental health services costs and \$500,000 to costs of associated MDOC staffing, based on historical spending and assumptions of changing staffing patterns during changeovers at Huron Valley Center and Huron Valley Men's Facility.	Gross	N/A	(\$4,118,500)
	GF/GP	N/A	(\$4,118,500)

Major Budget Changes from FY 2003-04 YTD Appropriations:		FY 2003-04 YTD (as of 2/12/04)	House Change	
16. Substance Abuse Testing and Treatment		Gross	\$20,070,800	(\$2,270,300)
<u>Executive</u> maintained current-year funding level for substance abuse testing and treatment. <u>Senate</u> reduced by \$5.3 million.		Federal	2,349,300	(2,019,900)
<u>Proposed House</u> restores \$5.0 million of Senate's GF/GP funding reduction, but also recognizes loss of approximately \$2.0 million in federal treatment funding		GF/GP	\$17,721,500	(\$250,400)
ALTERNATIVES TO PRISON INCARCERATION				
17. Female Offender Reintegration Program		Gross	N/A	\$3,517,900
<u>Executive</u> , <u>Senate</u> , and <u>Proposed House</u> : to reduce need for additional women's beds, Department instituted 44-bed reintegration program for female parolees in FY 2003-04, thus removing barriers to parole associated with lack of appropriate housing and programming for women. Expansion to 158 beds proposed; budget fully funds at \$61 per bed per day.		GF/GP	N/A	\$3,517,900
18. Assumed Sentencing Changes: Local Programs		Gross	\$2,451,000	\$399,700
<u>Executive</u> : assumes partial-year savings of \$2.9 million due to sentencing guidelines changes expected to lower intake of short-term (less than 24 months) offenders. Impact estimated at 379 beds by end of FY 2004-05, more in succeeding years. To assist with anticipated increases in numbers of offenders retained locally, two new community programs (\$400,000 Treatment Program and \$1,619,600 Jail Crowding Reduction Program) plus \$831,400 increase to existing probation residential program. Simultaneous elimination of \$2.5 million Local Facility Housing Program, established in current year to reimburse local units of government for housing state prisoners if needed.		Restricted	\$2,451,000	\$399,700
<u>Senate</u> retained funding for the local programs, renaming the new programs to "Alternatives to Prison" jail crowding reduction program and "Alternatives to Prison" treatment program, and deleting associated boilerplate proposed by the Executive. <u>Proposed House</u> retains with \$100 reductions.				
19. Parole and Probation Agents		FTEs	N/A	31.0
<u>Executive</u> , <u>Senate</u> , and <u>Proposed House</u> : add 31 parole and probation agents to help with increasing caseloads.		Gross	N/A	\$2,251,900
		GF/GP	N/A	\$2,251,900
MISCELLANEOUS ADMINISTRATIVE AND PERSONNEL MATTERS				
20. Administrative Reductions		Gross	N/A	(\$859,300)
<u>Senate</u> and <u>Proposed House</u> : reduce Executive Recommendation for various administrative line items by 1%.		GF/GP	N/A	(\$859,300)
21. Training		Gross	\$3,000,000	\$308,800
<u>Executive</u> and <u>Senate</u> : added \$1.3 million for training of 256 new correctional officers in FY 2004-05. <u>Proposed House</u> reduces by \$1.0 million, based on an assumption of fewer new officer schools than assumed by Executive.		GF/GP	\$3,000,000	\$308,800
23. Additional Reductions		Gross	\$10,784,000	(\$2,000,000)
<u>Proposed House</u> : reduces funding for Hadix consent decree line item by \$2.0 million to better align appropriation with historical spending.		GF/GP	\$10,784,000	(\$2,000,000)

Major Budget Changes from FY 2003-04 YTD Appropriations:		FY 2003-04 YTD (as of 2/12/04)	House Change
24. Statewide Consolidation of Human Resources	FTEs	N/A	(44.0)
<u>Executive</u> , <u>Senate</u> , and <u>Proposed House</u> : include savings attributable to statewide centralization of human resources functions.	Gross	N/A	(\$386,700)
	GF/GP	N/A	(\$386,700)
25. DIT-Related Adjustments	Gross	N/A	\$515,200
Includes variety of adjustments related to Department of Information Technology (DIT): \$720,000 for miscellaneous adjustments, \$102,000 for desktop rate adjustment, (\$306,800) for statewide reduction initiative, and (\$500,000) GF/GP fund shift. <u>Executive</u> also included \$1.5 million for prisoner time computation module; <u>Senate</u> and <u>Proposed House</u> do not include.	Restricted	N/A	500,000
	GF/GP	N/A	\$15,200
26. Step Increases	Gross	N/A	\$12,092,300
<u>Executive</u> , <u>Senate</u> , and <u>Proposed House</u> : increase appropriations at 12 facilities needing additional funding due to increasing seniority of staff.	GF/GP	N/A	\$12,092,300
27. Executive Revision: Payroll and Actuarial Adjustments	Gross	N/A	(\$10,990,500)
<u>Executive Revision</u> and <u>Proposed House</u> assume savings to be gained through change in method for allocating year-end payroll costs between fiscal years (\$4,811,000) and due to lowered retirement needs according to recent actuarial experience study (\$6,179,500).	GF/GP	N/A	(\$10,990,500)
28. Employee-Related Savings	Gross	N/A	(\$46,342,500)
<u>Executive</u> , <u>Senate</u> , and <u>Proposed House</u> : incorporate unspecified savings applied to lines funding FTEs and totaling \$46.3 million Gross, \$45.1 million GF/GP.	Federal	N/A	(42,300)
	Local	N/A	(7,400)
	Restricted	N/A	(1,236,800)
	GF/GP	N/A	(\$45,056,000)
29. Economic Adjustments	Gross	N/A	\$154,770,100
<u>Executive</u> , <u>Senate</u> , and <u>Proposed House</u> : include economic adjustments for salaries and wages (\$61.6 million Gross, \$59.9 million GF/GP), insurances (\$21.2 million Gross, \$20.6 million GF/GP), retirement (\$75.0 million Gross, \$72.9 million GF/GP), workers' compensation (\$2.5 million Gross and GF/GP), and building occupancy charges (\$515,100 Gross and GF/GP).	Federal	N/A	141,300
	Local	N/A	21,700
	Restricted	N/A	4,179,900
	GF/GP	N/A	\$150,427,200

Major Boilerplate Changes from FY 2003-04:

Sec. 209a. Purchase of Local Goods and Services – NEW

Proposed House adds language encouraging facilities to purchase local goods and services where feasible.

Sec. 215a. Offenders Placed at Youth Correctional Facility – NEW

Proposed House calls for interagency work group to review sentencing of youth to Department of Corrections and placement of young offenders at Youth Correctional Facility.

Sec. 219. Implementation of Employee-Related Savings – NEW

Senate and Proposed House: require Department to provide detailed plan on how it will implement savings to compensate for employee-related savings.

Major Boilerplate Changes from FY 2003-04:

Sec. 220. Transportation Savings – NEW

Senate and Proposed House: specify that the negative appropriation for transportation savings is to be satisfied by savings realized from efficiencies in prisoner transportation in addition to those proposed in the Executive Recommendation, and that necessary adjustments in appropriation authorizations are to be effected through legislative transfers.

Sec. 221. Travel Expenditures – NEW

Senate and Proposed House: language generally forbids travel outside of Michigan, and requires non-essential travel expenses to be halved from prior fiscal year.

Sec. 222. Contingency Fund Appropriations – "NEW"

Executive and Proposed House include historical language providing for authorization to spend non-GF sources of revenue that materialize during the course of the fiscal year. Not included in current year budget act or by Senate.

Sec. 601a. Parole and Probation Agent Workloads – NEW

Proposed House calls for study and recommendations regarding field agent workloads and caseloads.

Sec. 601b. Parole and Probation Agent Personal Information – NEW

Proposed House urges department to develop and implement procedures by which supervised offenders can timely contact their parole or probation agents without having to have access to agents' home telephone numbers or other personal information.

Sec. 706. County Jail Reimbursement Program – REVISED

Executive, Senate, and Proposed House: eliminates provisions for reimbursement for jailing of felons sentenced for crimes committed before January 1, 1999 (the effective date of sentencing guidelines).

Sec. 707. Local Facility Housing Program – DELETED

Executive, Senate, and Proposed House: delete section pertaining to Local Facility Housing Program, a \$2.5 million program established in current fiscal year to reimburse local units for housing state prisoners if needed.

Sec. 708. Probation Detention Center – DELETED

Executive, Senate, and Proposed House: delete section allocating a portion of probation residential center funds and specifying conditions of operation for a probation detention center in Detroit.

Sec. 909. Prisoner Medications – NEW

Senate and Proposed House: adds requirement for all medications to be transported with prisoner upon his or her transfer from one correctional facility to another.

Sec. 910. Prisoners' Retirement Benefits – NEW

Senate and Proposed House adds requirements for Department to attempt to collect reimbursement from health insurance providers for health care of prisoners who have retirement health benefits, and to report to legislature on its efforts.