

**FY 2008-09 Department of Corrections
SB 1095 (H-1)
Summary 6/5/08**



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	FY 2007-08 YTD	FY 2008-09 Executive	FY 2008-09 Senate	FY 2008-09 House	FY 2008-09 Enacted	Difference: House From FY 2007-08 YTD	
						Amount	%
IDG/IDT	\$1,264,600	\$1,277,200	\$1,277,200	\$1,277,400		\$12,800	1.0
Federal	10,340,700	10,350,200	10,350,200	10,351,300		10,600	0.1
Local	429,700	430,300	430,300	430,400		700	0.2
Private	0	0	0	0		0	0.0
Restricted	70,149,600	71,731,700	63,894,700	54,382,200		(15,767,400)	(22.5)
GF/GP	1,996,084,500	1,978,262,800	1,978,262,800	1,978,258,600		(17,825,900)	(0.9)
Gross	\$2,078,269,100	\$2,062,052,200	2,054,215,200	2,044,699,900		(\$33,569,200)	(1.6)
FTEs	17,653.4	17,515.5	17,079.3	17,099.1		(554.3)	(3.1)
Avg. Pop.	51,841	52,641	51,841	51,841		0	0.0

Overview

The Michigan Department of Corrections (MDOC) operates under the codification of correctional statutes established under Public Act 232 of 1953. The MDOC budget funds operation of the state prison system, supervision of parolees and felony probationers, and a variety of offender programs both in prison and in the community. It also funds training of corrections officers and centralized functions of administration, research, and financial operations. Prison construction is funded through the Capital Outlay budget.

Major Budget Changes From FY 2007-08 YTD Appropriations

**FY 2007-08 YTD
(as of 2/08/08)** **House Change
From YTD**

EXECUTIVE-ASSUMED SAVINGS AND REFORMS

1. Prisoner Reductions, Miscellaneous Efficiencies, and Local Reinvestment

Gross **N/A** **(\$0)**
GF/GP **N/A** **(\$0)**

Executive included new line items for savings and local programs, netting to negative appropriations of \$50.0 million GF/GP. Savings to be achieved through a combination of policy changes that reduced the prison population and implementation of various operational efficiencies. Reforms and efficiencies would be identified through the justice reinvestment initiative, an effort involving the Council of State Governments Justice Center, the legislature, and the executive branch.

Senate incorporated March Department of Corrections (MDOC) proposals and other adjustments to realize these savings elsewhere in the bill.

House incorporated analogous May MDOC proposals to realize these savings elsewhere in the bill.

PRISON BED SPACE CHANGES

2. Close Scott Correctional Facility

House, reflecting MDOC proposals, assumes closure of Scott Correctional Facility in May 2009. Huron Valley Men's facility would be converted into a women's facility. Scott closure to be made possible in part through a pilot program to reduce the numbers of female parole violators returning to prison. **Senate** included analogous adjustments to Scott. **House** and **Senate** also include associated MDOC-recommended boilerplate for the pilot program.

Beds **N/A** **0**
FTEs **N/A** **(10.0)**
Gross **N/A** **(\$12,066,000)**
GF/GP **N/A** **(\$12,066,000)**

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>		<u>FY 2007-08 YTD (as of 2/08/08)</u>	<u>House Change From YTD</u>
3. Eighth Bunks in Open-Bay Units			
Executive provided \$5.7 million for 80 additional bunks at each of seven Level I facilities by funding eighth bunks in open-bay cubicles that currently have 7 bunks per cubicle. Analogous adjustments were made by the FY 2007-08 budget, which added "8th bunks" in half of the seven facilities' housing units. Affected facilities are Hiawatha, Parr Highway, Deerfield, Boyer Road, West Shoreline, Mid-Michigan, and Pine River. House and Senate , reflecting MDOC proposals, exclude these beds.	Beds	N/A	0
	FTEs	N/A	0.0
	Gross	N/A	\$0
	GF/GP	N/A	\$0
4. Open Macomb Drop-In Unit			
Executive provided \$5.1 million for full-year funding for a 240-bed Level IV drop-in unit at Macomb, completed in FY 1999-00, but never opened. House and Senate , reflecting MDOC proposals, exclude these beds.	Beds	N/A	0
	FTEs	N/A	0.0
	Gross	N/A	\$0
	GF/GP	N/A	\$0
5. Remaining Jackson Closure Savings			
Executive, House, and Senate take the remainder of the savings to be realized from the closure of Southern Michigan Correctional Facility, which closed November 17, 2007. In anticipation of the closure, funding for Southern Michigan was reduced by \$36.7 million in FY 2007-08. Executive, House, and Senate transfer \$525,500 of Southern Michigan's funding to Ryan Correctional Facility, to accommodate the transfer of the department's dialysis unit to that facility from Southern Michigan, and eliminate the remaining \$3.1 million from the budget.	Beds	0	0
	FTEs	0.0	0.0
	Gross	\$3,597,500	(\$3,072,000)
	Restricted	7,500	(7,500)
	GF/GP	\$3,590,000	(\$3,064,500)
6. New Officer Training			
House adds \$1.9 million, funding training for about 750 new corrections officers. Funds recruits' wages and benefits for the 16-week training course, as well as manuals, travel, certifications, and uniforms, for a total cost of about \$18,250 per graduate. Executive added \$4.0 million, funding training for about 850 new corrections officers. Senate reduced Executive's increase to \$1.3 million, funding about 700 new officers.	Gross	\$11,533,000	\$1,875,400
	GF/GP	\$11,533,000	\$1,875,400
VARIOUS FACILITY OPERATING EFFICIENCIES			
7. Regionalize Business Offices, Other Support Functions			
House incorporates MDOC-recommended savings of \$5.0 million through regionalization of facility business offices, including accounting and procurement functions, at three complexes: Jackson, Ionia, and Kincheloe. Senate included reductions of \$5.9 million and 85.0 FTEs, reflecting further reductions of \$893,200 and 13.0 FTEs from earlier MDOC proposals. Executive, House, and Senate also recognize \$1.1 million remaining savings to be taken from current year's regional consolidation of various support functions, including maintenance shops, food service operations, and certain business offices.	FTEs	N/A	(72.0)
	Gross	N/A	(\$6,066,300)
	GF/GP	N/A	(\$6,066,300)
8. Prison Stores and Warehouses			
House and Senate include MDOC estimates of savings to be achieved through personnel reductions as a result of bidding out prison store operations and centralizing warehouse operations.	FTEs	N/A	(90.0)
	Gross	N/A	(\$5,871,200)
	Restricted	N/A	(4,665,800)
	GF/GP	N/A	(\$1,205,400)

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>		FY 2007-08 YTD (as of 2/08/08)	House Change From YTD
9. Warehouse Operational Savings		Gross	N/A
House includes MDOC estimates of additional operational savings to be gained through bulk commodity purchases and other efficiencies under regionalization of warehousing and food service operations.		GF/GP	(N/A)
10. Change Calculations for Staffing Assignments		FTEs	(223.2)
House includes MDOC-recommended savings through changing the relief factors used for staffing correctional officer assignments. The relief factor for a 7-day assignment would decrease from 1.80 to 1.75, meaning that facilities would be funded and staffed for 1.75 FTEs per assignment, rather than 1.80, generating savings in overtime and hiring.		Gross	(N/A)
		GF/GP	(N/A)
11. Contiguous Facilities		FTEs	(73.6)
House includes MDOC-recommended savings to be achieved through operating selected contiguous correctional facilities as a single facility. Savings identified for Chippewa and Straits, Carson City and Boyer Road, St. Louis and Mid-Michigan, and Gus Harrison and Parr Highway.		Gross	(N/A)
		GF/GP	(N/A)
12. Equipment and Special Maintenance		Gross	\$2,000,000
House, Executive and Senate restore a reduction taken in the current fiscal year, when \$2.0 million in funding for equipment and special maintenance was removed in anticipation of increased funding through the capital outlay budget.		GF/GP	(N/A)
PRISONER HEALTH AND MENTAL HEALTH CARE			
13. Hepatitis C Testing and Treatment		Gross	N/A
House, Executive and Senate add \$14.9 million to meet estimated costs in second year of implementation of new Hepatitis C testing protocols, which are expected to identify more prisoners in need of and subsequently receiving treatment for Hepatitis C. In FY 2007-08, \$1.7 million was added to meet costs in first year of implementation. Equilibrium is expected to be reached in FY 2009-2010, when, according to current estimates, another \$4 to \$5 million will be needed.		GF/GP	(N/A)
14. Mental Health Services and Programs		FTEs	12.2
House, Executive and Senate increase funding for DCH-provided mental health services, including two additional mental health outpatient treatment teams (\$2.1 million), a new residential treatment program (RTP) unit at Gus Harrison (\$1.5 million), and full-year funding for a mental health outpatient team receiving partial-year funding in FY 2007-08 (\$247,500). Also funds a Level IV social skills development unit (SSDU) for developmentally disabled prisoners at Gus Harrison (\$975,600); the department's other SSDU is a Level II unit at Handlon.		Gross	(N/A)
		GF/GP	(N/A)
15. Hospital and Specialty Care Savings		Gross	(N/A)
House, Executive and Senate assume savings of \$4.0 million to be realized in prisoner hospital and specialty care, currently provided under a contract with Correctional Medical Services, Inc. Savings to be generated under changes effective under latest extension to current contract (which expires March 31, 2009) and under new contract, which is expected to utilize a risk-sharing model.		GF/GP	(N/A)

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>		<u>FY 2007-08 YTD (as of 2/08/08)</u>	<u>House Change From YTD</u>
16. Nursing Staff		Gross	N/A
House, Executive and Senate fund additional 13.5 licensed practical nurses (\$1.0 million), and another seven registered nurses (\$631,000) Provides \$801,000 to meet costs of negotiated retention and signing bonuses for nurses.		GF/GP	N/A
			\$2,446,100
			\$2,446,100
COMMUNITY PROGRAMS AND FIELD OPERATIONS			
17. County Jail Reimbursement Program (CJRP)		Gross	\$13,249,000
House provides \$3.1 million to fund county jail reimbursement program for the first three months of the fiscal year. Reimbursement would be under current reimbursement rates and criteria, which reimburse for presumptive-prison felons and certain "straddle cell" offenders for whom sentencing guidelines permit either prison sentences or local sanctions. Annualized, House funding would be \$12.3 million, the same amount funded by the Senate , which also incorporated current-year provisions on reimbursement criteria and rates.		Restricted	13,249,000
		GF/GP	\$0
			(\$9,465,000)
			(9,465,000)
			\$0
			\$0
18. County Reentry Program		Gross	\$0
House creates a new line for County Reentry Program, funded for the final three-quarters of the fiscal year with a combination of GF/GP and an allocation from the justice system fund (originally deriving from civil infraction fees). Statutory changes would be necessary to allow justice system fund revenue to be spent on this program. Associated boilerplate would provide for per diem payments to counties, contingent on enactment of reimbursement criteria that limited reimbursements to offenders who otherwise have been sentenced to prison, and enabled counties to divert enough offenders to ensure a bed space impact of at least 2,200 prison beds annually. If criteria and rates were not enacted before January 1, the funding would be used for programs that divert to local sanctions felony offenders who otherwise would be sentenced to prison, as determined by the department.		Restricted	0
		GF/GP	\$0
			\$9,204,100
			4,446,400
			\$4,757,700
			\$4,757,700
19. Global Positioning System (GPS) Tether		FTEs	N/A
Executive adds \$301,800 to meet full-year costs of 500 active GPS tether units being brought on-line in FY 2007-08.		Gross	N/A
House and Senate include funding for an additional 500 GPS units.		GF/GP	N/A
			20.0
			\$3,605,800
			\$3,605,800
MISCELLANEOUS ADJUSTMENTS AND FUNDING CHANGES			
20. Central Office Reductions		FTEs	N/A
House incorporates MDOC proposal for central office reductions of 5.0 FTEs and \$400,000. Senate incorporated reductions of \$9.5 million, about 22%, to various line items funding central office.		Gross	N/A
		GF/GP	N/A
			(5.0)
			(\$400,000)
			(\$400,000)
21. Telephone Fees and Commissions		Gross	\$11,077,700
House eliminates remaining revenue from the contract for prisoner telephone service, using a combination of Gross reductions and GF/GP replacement of the eliminated revenue. Figures shown do not include related adjustments for jail reimbursement and county reentry programs; those programs include a combined gross reduction of \$976,900 and GF/GP increase of \$4,757,500. Executive restored \$1.6 million in telephone contract revenue that current year budget assumed would be eliminated under new contract for prisoner telephone service in July 2008. Senate used a different combination of Gross reductions and GF/GP increases to eliminate telephone revenues from the lines that currently receive them, and created a new line to receive and refund any telephone fees that were collected.		Restricted	\$11,077,700
		GF/GP	\$0
			(\$2,879,500)
			(11,077,700)
			\$2,463,600

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>		<u>FY 2007-08 YTD (as of 2/08/08)</u>	<u>House Change From YTD</u>
22. Human Resources Consolidation			
Executive and Senate transfer human resources positions (\$12.3 million gross) to civil service (now within DMB), and eliminate human resources optimization user fees (\$1.1 million gross and GF/GP). Training and labor relations would remain in MDOC.	FTEs	N/A	(136.0)
	Gross	N/A	(\$13,392,600)
	Restricted	N/A	(175,100)
	GF/GP	N/A	(\$13,217,500)
23. Information Technology Equipment Upgrades and Fee Increases			
Executive and Senate fund various increases associated with information technology equipment and services:	Gross	N/A	\$2,026,400
	GF/GP	N/A	\$2,026,400
- Increased DIT fees for desktop support and office automation (\$976,400) - Partial replacement (with leased machines) of obsolete desktops and laptops (\$750,000) - Upgrades of file and print servers (\$300,000)			
ECONOMICS			
24. Economic Adjustments			
House , Executive , and Senate include total economic adjustments of \$7.8 million (\$7.7 million GF/GP), of which \$74,400 (\$72,000 GF/GP) is for DIT. House's and Senate's Gross and Restricted economic increases for are \$6,700 less than Executive, due to exclusion of the economic increase proposed for telephone fee revenues.	Gross	N/A	\$7,831,800
	IDG/IDT	N/A	12,600
	Federal	N/A	9,500
	Local	N/A	0
	Restricted	N/A	158,800
	GF/GP	N/A	\$7,650,900

Major Boilerplate Changes From FY 2007-08

Sec. 207. Privatization Project Plans – RETAINED

House retains requirement for privatization project plan to be submitted to legislature at least 120 days before beginning any effort to privatize. **Executive** and **Senate** deleted.

Sec. 207a. Privatization Cost-Benefit Analyses and Criteria – RETAINED

House retains requirement for cost-benefit analyses and legislative approval prior to privatizing services or activities provided by state employees; prohibits implementing privatization project plans unless savings of at least five percent are to be achieved. **Executive** and **Senate** deleted.

Sec. 219. Prisoner Telephone Calls – RETAINED

House retains requirement that any contract for prisoner telephone services include a condition that fee schedules for prisoner telephone calls be the same as fee schedules for calls placed from outside of correctional facilities. **Executive** deleted. **Senate** revised and added provision for reimbursements of any surcharges imposed.

Sec. 224. Litigation Report – NEW

House requires a report to alert the legislature to lawsuits adjudicated through the trial court phase in which the department was a defendant and in which proceedings resulted in a decision of \$1.0 million or more against the department.

Sec. 225. Displaced Employees – NEW

House requires the department to make every effort to place in other positions employees who are displaced by any reductions in force. Employees who are not placed in other positions within the department are to be given priority in state programs for job retraining or education.

Sec. 226. Sentencing and Parole Reforms; Bed Space Appropriations – NEW

House includes a provision appropriating \$25.4 million for additional prison bed space if changes to sentencing and parole statutes sufficient to eliminate the need for at least 1,680 prison beds by the end of the fiscal year are not enacted by January 1. The appropriations would fund continued operations at Scott Correctional Facility (currently slated to close May 200, plus another 800 beds proposed in the Executive Recommendation.

Major Boilerplate Changes From FY 2007-08

Sec. 227. Boot Camp Work Group – NEW

House requires department to convene a work group to review and redesign the special alternative incarceration program (SAI, or boot camp).

Sec. 228. Prison Storekeeper Workgroup – NEW

House requires department to convene a storekeeper work group to identify operational changes other than personnel changes to achieve the \$1.2 million in GF/GP savings assumed by the bill, and suspends reductions to the number of storekeepers and bidding out of prison store operations until the workgroup is convened.

Sec. 229. Business Office Workgroup – NEW

House requires department to convene a work group to identify operational changes other than personnel changes to achieve the \$5.0 million in GF/GP savings that the bill includes for business office regionalization, and suspends implementation of the regionalization of business offices until the work group is convened.

Sec. 304. Staff Suggestions – NEW

House requires department to invite employees to suggest cost savings; department to recommend that ten percent of any savings realized from such suggestions be re-allocated to the office or unit where the employee works.

Sec. 414. County Jail Reimbursement Program (CJRP) – REVISED

House limits CJRP to first quarter of the fiscal year, retaining current reimbursement criteria and rates, which reimburse for presumptive prison felons and certain straddle-cell offenders. **Senate** retained current language. **Executive** limited reimbursement to presumptive-prison felons and parole violators with new sentences who were not sentencing guidelines lockouts. **House** also places limits on jail telephone fees.

Sec. 414a. County Reentry Program – NEW

House provides for county reentry program. Language offers per diem payments to counties, contingent on enactment of reimbursement criteria that limit reimbursements to offenders who otherwise would have been sentenced to prison, and enable counties to divert enough offenders to ensure a bed space impact of at least 2,200 prison beds annually. If criteria and rates are not enacted before January 1, the funding would be used for programs that divert to local sanctions felons who otherwise would be sentenced to prison, as determined by the department.

Sec. 423. Pilot Project for Female Parole Violators – NEW

House and **Senate** include pilot program to reduce returns to prison of female technical violators of parole.

Sec. 812. Medicaid Utilization – NEW

House requires an interagency agreement between MDOC and the Department of Human Services to identify newly-committed prisoners who are eligible for Medicaid. MDOC also is required to assist prisoners with Medicaid enrollment process prior to release from prison, and to provide the legislature with regular updates on the utilization on Medicaid benefits for prisoners. **Senate** included provision for suspension, rather than termination, of Medicaid benefits for prisoners and requiring cost-benefit analysis on impact of suspending, rather than terminating, benefits.

Sec. 923. Local School Districts – NEW

House and **Senate** require department to cooperate with Department of Education to evaluate feasibility of local school districts providing educational programming to targeted prisoners under age 20.

Sec. 924. Evaluation and Placement of Prisoners with Mental Illness – NEW

House and **Senate** require prisoners to be evaluated at intake for certain disorders and serious mental illness, and generally bar administrative segregation for prisoners with serious mental illness.

Sec. 925. Administrative Segregation Report – NEW

House and **Senate** require department to report on the numbers of prisoners with serious mental illness or developmental disorders who were placed in administrative segregation and on the duration of their placements.