

**FY 2008-09 Department of Corrections
SB 1095 (CR-1) Conference Report
Summary 6/27/08**



Mitchell E. Bean, Director
(517) 373-8080

Analyst: Marilyn B. Peterson

	FY 2007-08 YTD*	FY 2008-09 Executive	FY 2008-09 Senate	FY 2008-09 House	FY 2008-09 Conference	Difference: Conference From FY 2007-08 YTD*	
						Amount	%
IDG/IDT	\$1,264,600	\$1,277,200	\$1,277,200	\$1,277,400	\$1,277,400	\$12,600	1.0
Federal	10,340,700	10,350,200	10,350,200	10,351,300	10,350,200	9,500	0.1
Local	429,700	430,300	430,300	430,400	430,300	600	0.1
Private	0	0	0	0	0	0	0.0
Restricted	70,149,600	71,731,700	63,894,700	54,382,200	53,094,700	(17,054,900)	(24.3)
GF/GP	1,996,084,500	1,978,262,800	1,978,262,800	1,978,258,600	1,975,495,800	(20,588,700)	(1.0)
Gross	\$2,078,269,100	\$2,062,052,200	2,054,215,200	2,044,699,900	2,040,648,200	(\$37,620,900)	(1.8)
FTEs	17,653.4	17,515.5	17,079.3	17,099.1	17,103.0	(550.4)	(3.1)
Avg. Pop.	51,841	52,641	51,841	51,841	51,841	0	0.0

*Does not include any supplementals or contingency fund transfers approved after February 8, 2008.

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)	Conference 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)
<p>Executive included new line items for savings and local programs, netting to negative appropriations of \$50.0 million GF/GP. Savings were to be achieved through a combination of policy changes that reduced the prison population and implementation of various operational efficiencies.</p> <p>Senate incorporated March MDOC proposals and other adjustments to realize these savings elsewhere in the bill.</p> <p>House incorporated analogous May MDOC proposals to realize these savings elsewhere in the bill.</p> <p>Conference incorporated various adjustments to realize these savings elsewhere in the bill.</p>		

PRISON BED SPACE CHANGES

2. Close Scott Correctional Facility	Beds	N/A	0
	FTEs	N/A	(10.0)
	Gross	N/A	(\$13,166,000)
	GF/GP	N/A	(\$13,166,000)
<p>Conference, House, and Senate, reflecting MDOC proposals, assume 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. Associated MDOC-recommended boilerplate for the pilot program is included.</p>			

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>		<u>FY 2007-08 YTD (as of 2/08/08)</u>	<u>Conference 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. Conference, 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. Conference, 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			
Conference, 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. The budget transfers \$525,500 of Southern Michigan's funding to Ryan Correctional Facility to support the department's dialysis unit (relocated from Southern Michigan), and eliminates the remaining \$3.1 million from the budget.	Beds	0	0
	FTEs	0.0	0.0
	Gross	\$3,597,500	(\$3,072,000)
	Restricted GF/GP	7,500 \$3,590,000	(7,500) (\$3,064,500)
6. New Officer Training			
Conference and House add \$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 OPERATIONAL SAVINGS			
7. Business Office Efficiencies, Other Support Functions			
Conference incorporates savings of \$5.0 million through realization of business office efficiencies. House , reflecting MDOC proposals, included same amount of net savings, but consolidated functions at Jackson, Ionia, and Kincheloe. Senate included reductions of \$5.9 million and 85.0 FTEs. Conference, Executive, House, and Senate also recognize \$1.1 million remaining savings to be realized under current year's regional consolidation of various support functions, including maintenance shops, food service operations, and certain business offices.	FTEs	N/A	(0.0)
	Gross	N/A	(\$6,066,300)
	GF/GP	N/A	(\$6,066,300)
8. Prison Stores and Warehouses			
Conference, 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)

Major Budget Changes From FY 2007-08 YTD Appropriations		FY 2007-08 YTD (as of 2/08/08)	Conference Change From YTD
9. Warehouse Operational Savings	Gross	N/A	(\$3,231,900)
Conference and House include 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	(\$3,231,900)
10. Change Calculations for Staffing Assignments	FTEs	N/A	(221.7)
Conference and House include 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	(\$15,701,400)
	GF/GP	N/A	(\$15,701,400)
11. Custody Staff Reductions	FTEs	N/A	(73.6)
Conference includes MDOC-recommended reductions of 3.6 FTEs (the equivalent of two seven-day assignments) per facility. Similar reductions were included in the Senate-passed bill.	Gross	N/A	(\$6,400,000)
	GF/GP	N/A	(\$6,400,000)
PRISONER HEALTH AND MENTAL HEALTH CARE			
12. Hepatitis C Testing and Treatment	Gross	N/A	\$14,856,600
Conference, 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	\$14,856,600
13. Mental Health Services and Programs	FTEs	N/A	12.2
Conference, 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	\$4,802,000
	GF/GP	N/A	\$4,802,000
14. Hospital and Specialty Care Savings	Gross	N/A	(\$4,000,000)
Conference, 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.	GF/GP	N/A	(\$4,000,000)
15. Nursing Staff	Gross	N/A	\$2,446,100
Conference, 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

Major Budget Changes From FY 2007-08 YTD Appropriations	FY 2007-08 YTD (as of 2/08/08)	Conference Change From YTD
COMMUNITY PROGRAMS AND FIELD OPERATIONS		
16. County Jail Reimbursement Program (CJRP)	Gross \$13,249,000	(\$976,900)
Conference and Senate fund county jail reimbursement program at \$12.3 million, and retain current reimbursement criteria and rates, which provide counties with per-diem payments for housing in jail presumptive-prison felons and certain "straddle cell" offenders for whom sentencing guidelines permit either prison sentences or local sanctions. House divided same amount of funding between CJRP, funding it for the first quarter of the year, and a county reentry program, funding it for the final three-quarters of the year. Executive reduced CJRP by \$6.9 million in order to fund a new "local jail program" line item.	Restricted 13,249,000 GF/GP \$0	(5,734,600) \$4,757,700
As part of elimination of revenue from the contract for prisoner telephone service (see No. 20, below), GF/GP support of \$4.8 million is provided.		
17. IDG to Judiciary for Intensive Probation Pilot	Gross	N/A
Conference and Senate add funding for an interdepartmental grant to Judiciary to fund a pilot program targeting nondangerous offenders who are at significant risk of committing additional crimes. Under associated boilerplate language, the program would include offender "assessment, treatment, and accountability, with the goal of reducing expenditures for long-term incarceration." Probation officers involved in the pilot would report to directly to the circuit judge, and the Michigan judicial institute would train all personnel involved in the pilot.	GF/GP	\$980,000
18. 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
Conference, House, and Senate include funding for an additional 500 GPS units.	GF/GP	20.0 \$3,605,800 \$3,605,800
MISCELLANEOUS ADJUSTMENTS AND FUNDING CHANGES		
19. Central Office Reductions	FTEs	N/A
Conference incorporates central office reductions of \$800,000. House incorporated 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	(5.0)
	GF/GP	(\$800,000) (\$800,000)
20. Telephone Fees and Commissions	Gross	\$11,077,700
Conference and House eliminate 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 program (see No. 16, above). 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) (5,343,100) \$2,463,600

Major Budget Changes From FY 2007-08 YTD Appropriations		FY 2007-08 YTD (as of 2/08/08)	Conference Change From YTD
21. Public Works Program			
Conference halved public works user fees, eliminating a \$1.3 million increase (with accompanying GF/GP decrease) built into the current year's budget. Conference also assumes a \$2.5 million reduction in the public works program. Senate replaced \$1.5 million in savings taken in current year to reflect the temporary suspension of the public works program, and halved public works user fees, eliminating increases built into the current year's budget. House and Executive made no changes to current year.	Gross	N/A	(\$2,516,900)
	Restricted	N/A	(1,286,900)
	GF/GP	N/A	(\$1,230,000)
22. Human Resources Consolidation			
Conference, House, Senate, and Executive 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			
Conference, House, Senate, and Executive fund various increases associated with information technology equipment and services: <ul style="list-style-type: none"> 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) 	Gross	N/A	\$2,026,400
	GF/GP	N/A	\$2,026,400
ECONOMICS			
24. Economic Adjustments			
Conference, House, Senate, and Executive include \$7.8 million economic increase (\$7.7 million GF/GP), of which \$74,400 (\$72,000 GF/GP) is for DIT. Conference and House with Gross and Restricted economic increases that are \$6,600 under Executive, due to elimination of Executive's economic increase for telephone fee revenues. <ul style="list-style-type: none"> \$10,078,100 gross, \$9,708,900 GF/GP for salaries/wages (\$12,376,400) decrease gross, (\$11,918,300) GF/GP for insurances \$7,379,500 gross, \$7,109,600 GF/GP for retirement \$1,603,500 gross and GF/GP for fuel and utilities \$1,467,900 gross and GF/GP for food \$199,800 gross and GF/GP for building occupancy charges (\$520,500) decrease gross and GF/GP for workers' compensation 	Gross	N/A	\$7,831,900
	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

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

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

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. **House** retained, **Executive** and **Senate** deleted.

Major Boilerplate Changes From FY 2007-08

Sec. 219. Prisoner Telephone Calls – RETAINED

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. **House** retained, **Executive** deleted, **Senate** revised and added provision for reimbursements of any surcharges imposed.

Sec. 224. Litigation Report – NEW

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

Sec. 225. Displaced Employees – NEW

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. **House** included.

Sec. 228. Prison Storekeeper Workgroup – NEW

Suspends reductions to the number of storekeepers and bidding out of prison store operations until a workgroup is convened to identify operational changes other than personnel changes to achieve the \$1.2 million in GF/GP savings assumed by the bill. **House** included similar language.

Sec. 229. Business Office Workgroup – NEW

Requires department to convene a work group to identify operational changes other than business office personnel changes to achieve \$5.0 million in GF/GP savings assumed by the bill. **House** included similar language.

Sec. 301. Offender Tracking Information System (OTIS) – REVISED

Requires department to provide for a fee information that has been purged from OTIS, and appropriates revenue collected for the costs of maintaining OTIS and other information technology costs. **House**, **Senate**, and **Executive** did not include.

Sec. 304. Staff Suggestions – NEW

Requires department to invite employees to suggest cost savings, and requires report on responses to suggestions. Analogous **House** language directed ten percent of any savings to employee's office or program.

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

Retains current reimbursement criteria and rate, which offers \$43.50 per diem payments for housing in jail presumptive prison felons and certain straddle-cell offenders; deletes requirement for study and report on sentencing guidelines impact. **House** limited CJRP to first quarter of the fiscal year, retaining current reimbursement criteria and rate. **Senate** retained current language. **Executive** limited reimbursement to presumptive-prison felons and parole violators with new sentences who were not sentencing guidelines lockouts.

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

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

Sec. 812. Medicaid Utilization – NEW

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. **House** included. **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. 906. Public Works Program – REVISED

Conference and **Senate** express legislative intent to halve the user fees charged for prisoner public works crew, eliminating current-year's provision for doubling them. **House** maintained current rates. **Executive** deleted language urging that the program be continued at the level provided under the original FY 2006-07 budget, and that user fees be doubled. **Conference**, **Senate**, and **Executive** eliminate language calling for prisoner wages to be increased conjunction with user fee increases.

Sec. 923. Local School Districts – NEW

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

Major Boilerplate Changes From FY 2007-08

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

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

Sec. 925. Administrative Segregation Report – NEW

Requires 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. **House** and **Senate** included.

Sec. 926. Prison Store Surcharges – NEW

Requires 10% surcharge on the cost of goods sold at prison stores, with the exception of certain items, and directs the revenues to the state trooper recruit school fund. Expresses legislative intent to apply surcharge for one year only. **House** required 20% surcharge on the cost of goods sold at prison stores, with the exception of certain items, and divided revenue between prison store operations and trooper recruit school fund.

Sec. 927. Youthful Offenders – NEW

Expresses legislative intent for the department and the department of human services to examine the potential of entering into an intergovernmental agreement for up to 140 youth committed to the Department of Corrections to instead be placed in the W. J. Maxey Training School. **House** included substantially similar language.