

FY 2012-13: DEPARTMENT OF CORRECTIONS
Summary: House Subcommittee Recommendation
House Bill 5383 (H-1) Draft 2



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	FY 2011-12 YTD as of 2/9/12	FY 2012-13 Revised Executive	FY 2012-13 Senate	FY 2012-13 House	FY 2012-13 Enacted	Difference: House From FY 2011-12 YTD	
						Amount	%
IDG/IDT	974,700	992,100	992,100	992,100		17,400	1.7
Federal	8,259,500	8,784,400	8,784,400	8,784,400		524,900	6.3
Local	455,800	264,300	264,300	264,300		(191,500)	(42.0)
Private	0	0	0	0		0	--
Restricted	53,870,300	72,271,500	72,271,500	69,751,500		15,881,200	29.5
GF/GP	1,950,939,100	1,982,185,600	1,914,858,900	1,945,453,900		(5,485,200)	(0.3)
Gross	2,014,499,400	2,064,497,900	1,997,171,200	2,025,246,200		10,746,800	0.5
FTEs	15,568.8	14,879.2	14,320.2	14,437.3		(1,131.5)	(7.3)

Notes: (1) FY 2011-12 year-to-date (YTD) figures include mid-year budget adjustments through February 9, 2012, as well as adjustments for Other Post Employment Benefit prefunding under Senate Bill 683.

(2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and appropriations designated as one-time.

Overview

The Michigan Department of Corrections (MDOC) is responsible for the operation and maintenance of the state's 31 correctional facilities that house felony offenders sentenced to prison. This includes the provision of physical and mental health care, education and other prisoner programs, and reintegration programs. The Department is also responsible for the supervision of all parolees and probationers under Department jurisdiction and has oversight over community corrections programs and other programs designed to encourage alternatives to prison placement for appropriate offenders. As of December 31, 2011, the Department was responsible for 115,926 Michigan offenders: 52,893 probationers, 42,904 prisoners, and 20,129 parolees.

Major Budget Changes From FY 2011-12 YTD Appropriations

1. Closure of Michigan Reformatory

House reduces funding by \$42.3 million to reflect the closure of the Michigan Reformatory in Ionia. The reduction includes the elimination of the Michigan Reformatory line item along with related funding in the food service, transportation, prisoner education, and health care clinical complexes line items. As of March 9, 2012, the facility housed 1,284 prisoners classified at security levels IV and II. Under the proposal, these beds would be transferred to a facility operated under a third-party contract as part of the Cost-Effective Housing Initiative (see item 2 below).

	FY 2011-12 Year-to-Date (as of 2/9/12)	FY 2012-13 House Chair's Change
FTE	339.9	(339.9)
Beds	1,338	(1,338)
Gross	\$42,256,900	(\$42,256,900)
GF/GP	\$42,256,900	(\$42,256,900)

2. Cost Effective Housing Initiative

House includes \$35.1 million for a continued Cost-Effective Housing Initiative aimed at exploring more cost-effective housing for state prisoners. House also retains related boilerplate that requires housing of prisoners in the most cost-effective manner possible, including the use of public-private partnerships, privately-owned facilities, and the use of existing state facilities under third-party contracts. Initiative is reduced by \$12.8 million for current year levels, which reflects a drop in beds from 1,750 beds to 1,284. Net budgeted savings from the closure of Michigan Reformatory and shift to alternative housing equates to \$7.1 million. Executive had proposed eliminating this line item.

Beds	1,750	(466)
Gross	\$47,906,300	(\$12,756,800)
GF/GP	\$47,906,300	(\$12,756,800)

3. Prison Operations Savings

House reduces GF/GP authorization to each correctional facility line item by 2.0% from Executive-recommended levels, which equates to total savings of \$20.1 million. Department would need to identify additional staffing reductions or operating efficiencies to achieve these savings.

FTE	10,240.9	0.0
Gross	\$1,097,527,600	(\$20,142,800)
Federal	1,615,900	0
Restricted	377,000	0
GF/GP	\$1,095,534,700	(\$20,142,800)

Major Budget Changes From FY 2011-12 YTD Appropriations		FY 2011-12 Year-to-Date (as of 2/9/12)	FY 2012-13 House Chair's Change
4. Reverse Budgeted Prison Savings - Inmate Housing Fund	Gross	(\$79,232,700)	\$79,232,700
<u>Executive</u> and <u>House</u> remove \$79.2 million in GF/GP savings included in FY 2011-12 budget to be achieved through contracting for cost-effective housing of prisoners and through other prison operations savings and efficiencies. <u>Executive</u> proposes and <u>House</u> concurs with alternative prison operation savings to partially offset this adjustment (see items 8 through 11 below). <u>House</u> also proposes alternative Cost-Effective Housing Initiative savings through the closure of the Michigan Reformatory and other prison operation savings (items 1 through 3).	GF/GP	(\$79,232,700)	\$79,232,700
5. County Jail Reimbursement Program	Gross	\$17,072,100	(\$2,000,000)
<u>House</u> reduces program funding by \$2.0 million to bring appropriations down closer to recent spending levels. Total reimbursement payments to counties for FY 2010-11 were just under \$13.0 million. No changes are proposed to eligibility and per diem reimbursement provisions in boilerplate.	Restricted	5,900,000	0
	GF/GP	\$11,172,100	(\$2,000,000)
6. Community Corrections Planning and Services	Gross	\$13,958,000	(\$1,200,000)
<u>House</u> eliminates \$1.2 million GF/GP funding increase provided in FY 2010-11 for local community corrections boards to administer community corrections programs aimed at providing alternative options to prison and jail. While appropriations were increased, total spending remained just below \$12.5 million for FY 2010-11.	GF/GP	\$13,958,000	(\$1,200,000)
7. Clinical Complexes - Prisoner Health Care Savings	Gross	\$159,582,100	(\$5,000,000)
<u>House</u> reduces appropriations for MDOC clinical complexes by \$5.0 million GF/GP. Action reflects that total spending for FY 2010-11 was \$140.5 million gross, which fell significantly below appropriated levels.	Restricted	354,900	0
	GF/GP	\$159,227,200	(\$5,000,000)
8. Prison Savings - Alert Response Vehicle Assignments	FTE	10,240.9	(114.4)
<u>Executive</u> and <u>House</u> reduce funding by \$13.2 million GF/GP across prison facilities to reflect the elimination of 114.4 FTE custody positions currently assigned to operate alert response vehicles (ARVs) to monitor the perimeter of various prison facilities. Represents 5.2 FTE positions at 22 different facilities that utilize an ARV for security purposes.	Gross	\$1,097,527,600	(\$13,200,000)
	Federal	1,615,900	0
	Restricted	377,000	0
	GF/GP	\$1,095,534,700	(\$13,200,000)
9. Prison Savings - Direct Prisoner Observation Duties	Gross	\$1,097,527,600	(\$2,200,000)
<u>Executive</u> and <u>House</u> reflect savings of \$2.2 million GF/GP attributable to use of trained prisoners, rather than custody staff, for direct and continuous observation duties for prisoners who display a self-injury or suicide risk. The policy change would reduce personnel costs, particularly overtime costs, that are often incurred when custody staff is used for direct observation.	Federal	1,615,900	0
	Restricted	377,000	0
	GF/GP	\$1,095,534,700	(\$2,200,000)
10. Prison Savings - Staffing Reductions	FTE	10,240.9	(32.8)
Both <u>Executive</u> and <u>House</u> eliminate a net 32.8 miscellaneous FTE positions across the state's prison facilities and within both regional administrative offices. Position adjustments are based on need, with some facilities gaining positions and others losing positions. Proposal results in total savings of \$2.4 million GF/GP.	Gross	\$1,097,527,600	(\$2,400,000)
	Federal	1,615,900	0
	Restricted	377,000	0
	GF/GP	\$1,095,534,700	(\$2,400,000)
11. Prison Savings - Issuance of Prisoner Clothing	Gross	\$1,097,527,600	(\$1,100,000)
<u>House</u> concurs with <u>Executive</u> in reducing funding by \$1.1 million GF/GP tied to reductions in the provision of state-issued clothing to prisoners. The Department will seek savings from both reductions in the standard set of clothing items issued to prisoners and from exploring the purchase of clothing from outside vendors rather than manufacturing clothing internally.	Federal	1,615,900	0
	Restricted	377,000	0
	GF/GP	\$1,095,534,700	(\$1,100,000)
12. Closure of Mound Correctional Facility	FTE	324.4	(324.4)
The Mound Correctional Facility in Detroit was closed in December 2011, and partial-year savings from the closure were included as part of the MDOC's FY 2011-12 contingency savings plan to achieve GF/GP savings in lieu of employee concessions. <u>Executive</u> and <u>House</u> include \$34.1 million GF/GP in full-year savings from the closure, including \$27.3 million in direct savings from the facility line item, \$1.6 million from food service, \$845,200 in education savings, and \$4.3 million from health care.	Beds	1,062	(1,062)
	Gross	\$34,106,300	(\$34,106,300)
	GF/GP	\$34,106,300	(\$34,106,300)

Major Budget Changes From FY 2011-12 YTD Appropriations		FY 2011-12 Year-to-Date (as of 2/9/12)	FY 2012-13 House Chair's Change
13. Increased Bed and Staffing Costs from Recent Closures			
<u>Executive</u> and <u>House</u> include \$7.0 million GF/GP in additional funding to cover the need for increased bed space and personnel costs related to recent prison closures. Increases are proposed for Central Michigan (\$1.7 million, 154 beds), Brooks (\$1.3 million, 72 beds), Pugsley (\$1.3 million, 184 beds), and Macomb (\$1.1 million, 148 beds) to cover the costs of operating additional housing units to accommodate prisoners from Mound and other recently closed facilities. In addition, \$1.6 million GF/GP is requested for the Ryan Correctional Facility to cover increased personnel costs anticipated due to the Mound closure and resulting staffing shifts that will result in higher average seniority and thus compensation among staff.			
	Beds	44,167	558
	Gross	\$1,097,527,600	\$6,976,000
	Federal	1,615,900	0
	Restricted	377,000	0
	GF/GP	\$1,095,534,700	\$6,976,000
14. Prisoner Phone Revenue – Special Equipment & Maintenance			
<u>Executive</u> and <u>House</u> appropriate \$5.8 million in new restricted revenue from prisoner phone charges in the Special Equipment and Maintenance line item. New prisoner telephone contract will assess additional charges on prisoner calls with a portion of the revenue deposited into a Special Equipment Fund (SEF). Restricted revenue would be used for special security equipment such as tasers, ballistic vests, and contraband detection equipment. Combination of SEF revenue and reductions to normal equipment and maintenance spending result in \$1.5 million GF/GP savings.			
	Gross	\$0	\$4,300,000
	Restricted	0	5,800,000
	GF/GP	\$0	(\$1,500,000)
15. Prisoner Phone Revenue – Capital Outlay			
<u>Executive</u> provides \$13.9 million in Special Equipment Fund revenue from prisoner phone charges to finance security-related capital outlay purchases. \$11.4 million will be used to begin financing the replacement of personal protection equipment across the prison system. Another \$2.5 million would support the installation of new security cameras within two cell blocks at the Michigan Reformatory. <u>House</u> concurs with personal protection equipment proposal, but removes \$2.5 million allocation for security cameras.			
	Gross	\$0	\$11,362,000
	Restricted	0	11,362,000
	GF/GP	\$0	\$0
16. Contingency Plan – Field Operations Staff Reduction			
<u>Executive</u> and <u>House</u> include \$10.0 million in full-year GF/GP savings for field operations staff and services related to supervision of parolees and probationers. Savings were initially included in MDOC's FY 2011-12 contingency plan issued in September 2011 by the State Budget Office to achieve GF/GP savings in lieu of employee concessions that did not materialize. Reductions reflect recent declines in parolee and probationer caseloads.			
	FTE	2,173.9	(115.0)
	Gross	\$257,063,200	(\$10,000,000)
	Restricted	11,585,100	0
	Federal	144,200	0
	Local	455,800	0
	GF/GP	\$244,878,100	(\$10,000,000)
17. Contingency Plan – Competitive Bidding of Health Care Services			
<u>Executive</u> and <u>House</u> reduce funding to the Clinical Complexes line items by \$7.3 million GF/GP in anticipation of savings to be achieved through competitive bidding of prisoner health care services currently delivered by state employees. While no specific FTE reduction is proposed, the plan could impact around 1,100 positions currently funded in the budget, including nurses, dentists, dental aides and hygienists, and psychologists. Proposal was also included as part of MDOC's FY 2011-12 contingency savings plan (see item 16 above).			
	FTE	1,130.0	0.0
	Gross	\$166,067,300	(\$7,328,900)
	Restricted	369,300	0
	GF/GP	\$165,698,000	(\$7,328,900)
18. Contingency Plan – Competitive Bidding of Mental Health Services			
<u>Executive</u> and <u>House</u> reduce funding for Mental Health Services and Support by \$1.5 million GF/GP in anticipation of savings to be achieved through competitive bidding of prisoner mental health services currently delivered by state employees. While no specific FTE reduction is proposed, the plan could impact over 500 positions currently funded in the budget, including social workers, nurses, therapists, psychologists, and psychiatrists. Proposal was also included as part of MDOC's FY 2011-12 contingency savings plan (see item 16 above).			
	FTE	546.0	0.0
	Gross	\$57,821,200	(\$2,500,000)
	GF/GP	\$57,821,200	(\$2,500,000)

Major Budget Changes From FY 2011-12 YTD Appropriations		FY 2011-12 Year-to-Date (as of 2/9/12)	FY 2012-13 House Chair's Change
19. Contingency Plan – Competitive Bidding of Woodland Center Correctional Facility			
<u>Executive</u> and <u>House</u> reduce funding by \$1.3 million GF/GP to reflect anticipated savings from competitively bidding out the operations of the Woodland Center Correctional Facility, which houses MDOC prisoners with serious mental illness. Proposal was also included as part of MDOC's FY 2011-12 contingency savings plan (see item 16 above).	FTE	272.2	0.0
	Gross	\$27,348,800	(\$1,304,200)
	Restricted GF/GP	377,000 \$26,971,800	0 (\$1,304,200)
20. Public Safety Initiative			
<u>Executive</u> adds \$4.5 million GF/GP to implement the Governor's announced public safety initiative related to local corrections. Funding would assist distressed communities, particularly the City of Flint, in purchasing jail bed space in neighboring counties to address backlogs of active warrants. <u>House</u> provides an additional \$250,000 to the appropriation.	Gross	\$0	\$4,750,000
	GF/GP	\$0	\$4,750,000
21. New Custody Staff Training			
<u>Executive</u> increases funding for new custody staff training costs by \$4.5 million GF/GP to support completion of training for 400 new corrections officers to meet expected attrition. <u>House</u> provides \$3.0 million GF/GP for this purpose. Base training budget for FY 2011-12 provides funding for around 200 trained officers. Funding primarily supports salary and payroll costs of new officers while they participate in training.	Gross	\$4,304,200	\$3,000,000
	GF/GP	\$4,304,200	\$3,000,000
22. Post-Closure Maintenance Costs			
<u>Executive</u> and <u>House</u> add \$3.5 million to Equipment and Special Maintenance line item to support post-closure maintenance costs related to closed correctional facilities and camps. This would include security, utilities, and other costs related to closed facilities. To the extent that sufficient funding is available, the appropriation could also support demolition costs of some of these facilities.	Gross	\$0	\$3,500,000
	GF/GP	\$0	\$3,500,000
23. Neal Settlement Agreement			
<u>Executive</u> and <u>House</u> agree to add \$5.0 million to cover an increase in the required settlement payment arising from a lawsuit brought by female inmates alleging sexual harassment within MDOC facilities during the 1990s. Total payment will be \$20.0 million for both FY 2012-13 and FY 2013-14 before increasing to \$25.0 million for final payment in FY 2014-15.	Gross	\$15,000,000	\$5,000,000
	GF/GP	\$15,000,000	\$5,000,000
24. Information Technology Maintenance and Development			
<u>Executive</u> and <u>House</u> add \$2.4 million GF/GP to cover the costs of information technology system development and maintenance. Around \$1.8 million will support additional contractual programming services related to MDOC offender assessment tools and interstate compact development. The remaining \$615,700 will support 6 additional programmer/analysts within the Department of Technology, Management and Budget (DTMB) to work on support and maintenance of existing MDOC systems.	Gross	\$22,382,800	\$2,445,500
	Restricted	805,900	0
	GF/GP	\$21,576,900	\$2,445,500
25. Other Budget Reductions			
<u>Executive</u> and <u>House</u> reduce funding for Residential Services by \$2.0 million GF/GP to reflect reduced need for residential beds for parolees; reduces funding for prisoner re-entry projects by \$2.0 million; recognizes \$815,800 in additional savings through the elimination of assistant deputy warden positions and a reduction in the use of resident unit managers within prison facilities.	Gross	N/A	(\$4,815,800)
	GF/GP	N/A	(\$4,815,800)
26. FTE Position Authorization Adjustments			
<u>House</u> reduces FTE authorization by 128.0 positions in order to better align FTEs with actual staffing levels across several budget line items. In addition, <u>House</u> adds 21.0 FTE positions to Ryan Correctional Facility line item and 5.0 FTE positions to Public Works Program line item to correct budget adjustments from last year.	FTEs	N/A	(102.0)

Major Budget Changes From FY 2011-12 YTD Appropriations		FY 2011-12 Year-to-Date (as of 2/9/12)	FY 2012-13 House Chair's Change
27. Revisions of FY 2011-12 Budgeted Savings		Gross	N/A
The FY 2011-12 enacted budget assumed savings to be achieved through central office staffing reductions, the competitive bidding of operations at the Special Alternative Incarceration (SAI) facility at Camp Cassidy Lake, and savings in the delivery of prisoner mental health services. <u>Executive</u> and <u>House</u> revise these savings assumptions, adding back \$5.5 million GF/GP to the budget.		GF/GP	\$5,500,000
			\$5,500,000
	GF/GP Savings Assumptions		
<u>Program</u>	<u>FY12 Enacted</u>	<u>FY13 Executive</u>	
Central office staffing	\$6,000,000	\$2,500,000	
SAI competitive bidding	\$1,000,000	\$0	
Mental health services	\$5,000,000	\$4,000,000	
28. Economic Adjustments		Gross	N/A
Includes \$37.3 million Gross (\$36.3 million GF/GP) to account for various economic adjustments related to personnel (salaries, insurance, retirement), building occupancy, worker's compensation, food and fuel costs.		IDG	\$37,267,800
			13,500
		Federal	36,900
		Local	4,500
		Restricted	863,800
		GF/GP	\$36,349,100
29. One-Time Appropriations		Gross	\$0
<u>Executive</u> proposes one-time funding of \$1.1 million GF/GP for computerized document imaging equipment and the utilization of DTMB's File Net system for the digitization of prisoner files and \$13.2 million gross (\$12.9 million GF/GP) to cover lump-sum payments to state employees (in boilerplate section 1001). <u>House</u> concurs but appropriates in separate line item unit.		IDG	\$14,355,400
			3,900
		Federal	83,400
		Local	1,300
		Restricted	263,500
		GF/GP	\$14,003,300
30. Anticipated FY 2013-14 Budget Changes			
Reflects anticipated increase from FY 2012-13 budget of \$37.6 million Gross (\$43.0 million GF/GP) for economic and facility utility cost adjustments net of reductions in capital outlay needs in FY 2013-14. (Boilerplate intent language only; would not be binding appropriation.)			

Major Boilerplate Changes From FY 2011-12

Sec. 217. Statewide Office Consolidation Plan – NEW

Establishes legislative intent that departments and agencies cooperate with the development and implementation of a statewide office space consolidation plan.

Sec. 219. Special Equipment Fund – REVISED

Executive adds new guidelines for Special Equipment Fund revenue derived from prisoner telephone charges. Provides that revenues be used for special equipment and security projects which include, but are not limited to, replacement of personal protection systems, acquisition of contraband detection systems, and critical facility repairs to protect the safety of the public, staff, and prisoners. Provides that unexpended funds be carried forward and be available for appropriation in subsequent fiscal years. House modifies language to eliminate critical facility repairs from the list of allowable uses and adds reporting requirement on revenues and spending from Special Equipment Fund.

Sec. 235. Corrections Expenditure Reductions – DELETED

Expresses intent that MDOC reduce expenditures by following specified Auditor General recommendations and by continuing the supply chain transformation process.

Sec. 239. Management-to-Staff Ratio – DELETED

Expresses legislative intent that Department maintain management-to-staff ratio of 1 supervisor to for each 5 employees at Lansing central office and regional administration offices.

Sec. 304. Staff Savings Initiative Program – REVISED

Directs MDOC to implement a program that invites employee cost savings suggestions and requires report on responses. House and Senate add new language to provide bonus payments to employees if suggested initiatives save at least \$10,000.

Sec. 416. Felony Drunk Driver Jail Reduction and Community Treatment Program – REVISED

Establishes purposes of the felony drunk driver jail reduction and community treatment program, outlines process for development of program standards, and lists allowable program expenditures. House retains guidelines related to allowable expenditures, but eliminates other program guidelines.

Major Boilerplate Changes From FY 2011-12

Sec. 418. State Identification and Birth Certificates for Returning Prisoners – REVISED

Requires MDOC to collaborate with other state entities to develop processes to assist prisoners in obtaining state identification and their birth certificates and report on a plan to implement necessary process and policy changes. House eliminates provisions related to state identification that have been addressed through recent statutory changes.

Sec. 426. Prisoner Reintegration, Training, and Employment Programs – DELETED

Allocates \$600,000 to Michigan-chartered non-profit agencies to operate and expand public utility asset recovery recycling programs with at least 45% of employees returning to the community from incarceration.

Sec. 506. Interdepartmental Grant for the Legislative Corrections Ombudsman – DELETED

Appropriates \$250,000 to the Legislative Corrections Ombudsman for MDOC oversight activities. Funding is transferred to the Legislature budget.

Sec. 507. Interdepartmental Grant to Judiciary – DELETED

Appropriates \$1.0 million to the Judiciary for establishment of "swift-and-sure" jail sanctions pilot program aimed at probation violators. Funding is transferred to the Judiciary budget.

Sec. 803. Mental Health Services for Prisoners – DELETED

Requires MDOC to use recognized performance standards and measures of quality to conduct periodic performance reviews of all mental health contracts. Requires renegotiation of contracts at least once every 3 years.

Sec. 814. Psychotropic Medications – NEW

Requires Department to assure that psychotropic medications are available, when deemed medically necessary by a physician, to prisoners with mental illness diagnoses but not enrolled in Corrections Mental Health Program.

Sec. 908. Incentives in Segregation Program – NEW

Requires report on the continued expansion of MDOC's "Incentives in Segregation" program including a list of all correctional facilities utilizing the program.

Sec. 924. Evaluation and Placement of Prisoners With Mental Illness – REVISED

Provides guidelines for treatment of prisoners with mental illness. Executive and House revise language to require evaluation of prisoners in therapeutic seclusion "at a frequency defined in the Mental Health Code" rather than "every 12 hours" as under current law.

Sec. 930. Therapeutic Programming for Prisoners – NEW

Requires MDOC to expand therapeutic programming, such as the prisoner canine program, that aims to reduce future criminal risk in state prisoners; requires report on use and expansion of such programs.

Sec. 935. Facility Closure Guidelines – DELETED

Establishes legislative intent that MDOC fully consider local economic impact when making determinations on facility closures and makes it a high priority to close a facility for which the local economic impact is minimized.

Sec. 935. Cost Effectiveness of Correctional Facilities – NEW

Requires MDOC to evaluate facilities in terms of cost effectiveness and to make determinations as to how long each facility should remain open; requires analysis of economic impact of closing obsolete facilities and provides that Department shall work with Michigan Economic Development Corporation and other entities to encourage private sector investment in affected communities.

Sec. 939. Competitive Bidding Provisions – REVISED

Requires competitive bidding for the privatization of the special alternative incarceration (SAI) facility at Camp Cassidy Lake. House modifies language to require bidding of prison stores, food service, and 1,750 custody beds by October 1, 2012. Eliminates requirement for SAI facility. Senate retains SAI requirement. Executive deletes the section.

Sec. 1001. Capital Outlay Appropriations – NEW

Executive adds language providing guidance for the Capital Outlay appropriations discussed above in Major Budget Changes, item 13. Allocates funding for priority programs and facility needs and allows authorizations to remain available for 3 fiscal years following the original appropriation year. House modifies to require spending to be consistent with provisions of section 219 regarding Special Equipment Fund.

Sec. 1201. Anticipated FY 2013-14 Appropriations

States legislative intent to provide appropriations for FY 2013-14, adjusting FY 2012-13 amounts based on economic and other factors.