

**Summary: Executive Budget Recommendation
for Fiscal Years 2011-12 and 2012-13
DEPARTMENT OF CORRECTIONS**



Analyst: Bob Schneider

	FY 2010-11 Year-to-Date as of 2/17/11	FY 2011-12 Executive	Difference: FY 2011-12 Vs. FY 2010-11		FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12	
			Amount	%		Amount	%
IDG/IDT	\$915,400	\$943,800	\$28,400	3.1	\$947,800	\$4,000	0.4
Federal	7,868,500	7,995,100	126,600	1.6	8,045,800	50,700	0.6
Local	443,100	447,300	4,200	0.9	447,300	0	0.0
Private	0	0	0	0.0	0	0	0.0
Restricted	80,327,100	73,184,000	(7,143,100)	(8.9)	72,507,900	(676,100)	(0.9)
GF/GP	\$1,917,879,500	\$1,929,836,200	\$11,956,700	0.6	\$2,012,313,800	\$82,477,600	4.3
Gross	\$2,007,433,600	\$2,012,406,400	\$4,972,800	0.2	\$2,094,262,600	\$81,856,200	4.1
FTEs	15,877.5	15,656.8	(220.7)	(1.4)	15,179.8	(477.0)	(3.0)

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations. (3) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

Overview

The Department of Corrections is responsible for the operation and maintenance of the state's 34 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 September 30, 2010, the Department was responsible for 125,231 Michigan offenders: 58,497 probationers, 44,092 prisoners, and 22,642 parolees.

Major Budget Changes From FY 2010-11 YTD Appropriations	FY 2010-11 YTD (as of 2/17/11)	Executive Changes	
		FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13
1. Prison Closure	FTE 10,869.9	(300.0)	0.0
Assumes closure of one state correctional facility late in FY 2010-11 resulting in net savings of \$18.9 million for FY 2011-12. The facility to be closed has not yet been identified. The budget includes the net elimination of 300.0 FTE positions related to the closure, and assumes a net reduction of 1,200 prisoner beds. The savings reflects that the direct savings from the facility closure net of the increased costs for parole supervision and prisoner re-entry programs.	Beds 44,181	(1,200)	0
	Gross \$1,096,308,300	(\$18,900,000)	\$0
	Federal 1,481,400	0	0
	Restricted 32,155,800	0	0
	GF/GP \$1,062,671,100	(\$18,900,000)	\$0
2. Prison Food Service Privatization and Efficiencies	FTE 414.0	0.0	(402.0)
Reduces appropriations for Prison Food Service by 14% for FY 2011-12 in anticipation of savings resulting from bidding out food service functions to a private vendor and from continued supply chain cost savings. Budget assumes \$7.0 million GF/GP savings for FY 2011-12 from implementation of competitively bid food service contract, which would result in the elimination of 402 FTE positions. Another \$2.5 million GF/GP savings is expected to be achieved through supply chain reforms, including the statewide standardization of food menus in correctional facilities which has helped lower food and warehousing costs. Additional privatization savings are projected for FY 2012-13.	Gross \$67,632,700	(\$9,500,000)	(\$2,300,000)
	IDG 617,000	0	0
	GF/GP \$67,015,700	(\$9,500,000)	(\$2,300,000)

Major Budget Changes From FY 2010-11 YTD Appropriations	Executive Changes		
	FY 2010-11 YTD (as of 2/17/11)	FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13
3. Privatizing Prisoner Store Operations	FTE 110.0	(35.0)	(75.0)
Includes savings to be generated through competitive bidding of prisoner store operations. Currently, direct prisoner store operational costs are financed through store-generated revenues. However, the private contract will utilize kiosk technology to interface with the accounting system, which will allow for some consolidation in accounting operations and result in GF/GP savings. The action will eliminate 75 prisoner store storekeeper positions and another 35 accounting/procurement positions within prison facilities and MDOC central office. Implementation of a private contract is expected by January 2012.	Gross \$7,520,000	(\$6,252,500)	(\$1,467,100)
	Restricted 5,070,000	(3,802,500)	(1,467,100)
	GF/GP \$2,450,000	(\$2,450,000)	\$0
4. Elimination of Lieutenant Positions	FTE 10,869.9	(81.0)	0.0
Proposes elimination of one lieutenant position from each shift at each state correctional facility, resulting in a net reduction of 81 FTE positions and savings of \$8.5 million GF/GP statewide.	Gross \$1,096,308,300	(\$8,491,800)	\$0
	Federal 1,481,400	0	0
	Restricted 32,155,800	0	0
	GF/GP \$1,062,671,100	(\$8,491,800)	\$0
5. Neal Settlement Agreement	Gross \$10,000,000	\$5,000,000	\$5,000,000
Provides increase of \$5.0 million GF/GP for FY 2011-12 and another \$5.0 million GF/GP for FY 2012-13 to cover payments arising out of a settlement agreement related to a lawsuit brought by female inmates alleging sexual harassment within MDOC facilities. Annual settlement payment of \$15.0 million for FY 2011-12 will increase to \$20.0 million for FY 2012-13 and FY 2013-14, with a final payment of \$25.0 million in FY 2014-15.	GF/GP \$10,000,000	\$5,000,000	\$5,000,000
6. New Custody Staff Training	Gross \$3,623,800	\$3,500,000	\$0
Increases funding for New Custody Staff Training by \$3.5 million GF/GP. Increased funding should allow for the training of 400 new corrections officers during FY 2011-12. The MDOC indicates normal attrition for corrections officers varies from 600-800 officers per year.	GF/GP \$3,623,800	\$3,500,000	\$0
7. Prisoner Health Care Services	Gross \$90,095,500	\$4,000,000	\$0
Provides increase of \$4.0 million GF/GP to cover an estimated prisoner health care cost increase associated with an inflationary adjustment contained in the Department's managed care contract with Prison Health Services, Inc.	GF/GP \$90,095,500	\$4,000,000	\$0
8. Early Retirement Incentive Savings	FTE N/A	(103.0)	0.0
Removes funding associated with 103 FTE positions that will remain unfilled after being vacated by state employees who accepted the early retirement incentive offered last year. The Department of Corrections saw 434 employees retire as a result of the incentives. Certain positions that involve direct contact with prisoners (e.g. corrections officers, nurses, teachers, parole officers) will be replaced on a one-for-one basis. However, other positions will be replaced on a one-for-two basis, which is the source of these savings.	Gross N/A	(\$8,821,900)	\$0
	GF/GP N/A	(\$8,821,900)	\$0
9. Prisoner Transportation - Supply Chain Savings	Gross \$19,201,300	(\$750,000)	\$0
Reduces appropriations for Prisoner Transportation by \$750,000 GF/GP, a 3.9% reduction from the current funding level. Savings are expected to result from continued supply chain transformation efforts to move towards a regular statewide schedule for transportation runs and the use of video conferencing to reduce transportation costs for court appearances.	GF/GP \$19,201,300	(\$750,000)	\$0
10. Prison Facilities - Supply Chain Savings	Gross \$1,096,308,300	(\$6,750,000)	\$0
Assumes savings spread across all correctional facilities related to supply chain transformation efforts. Logistics savings are expected in areas such as prison laundry services, fleet vehicle usage, and clothing costs.	Federal 1,481,400	0	0
	Restricted 32,155,800	0	0
	GF/GP \$1,062,671,100	(\$6,750,000)	\$0

Major Budget Changes From FY 2010-11 YTD Appropriations	Executive Changes			
		FY 2010-11 YTD (as of 2/17/11)	FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13
11. Elimination of Public Works Programs	FTE	N/A	(56.0)	0.0
Removes funding for public works programs at all MDOC facilities except for the Special Alternative Incarceration Program; savings of \$4.4 million gross and \$2.2 million GF/GP. Proposal would eliminate 45 FTE positions across the nine correctional facilities that currently administer public works programs along with 11 additional FTE positions within community re-entry centers.	Gross	N/A	(\$4,448,300)	\$0
	GF/GP	N/A	(\$2,188,000)	\$0
12. Corrections Mental Health Program Administration	FTE	149.7	396.3	0.0
Adds 396.3 FTE positions to reflect the transfer of mental health personnel previously employed by the Department of Community Health (DCH) to the MDOC. Oversight over the Corrections Mental Health Program will be shifted from DCH to MDOC. Funding for these mental health personnel was already in the MDOC budget, so only FTE authorization changes are needed.	Gross	\$58,365,600	\$0	\$0
	GF/GP	\$58,365,600	\$0	\$0
13. Savings from Parole Board Reorganization	FTE	N/A	(7.0)	0.0
Assumes savings related to recent Executive Order revisions to the Parole and Commutations Board. Executive Order 2011-3 abolished the current 15-member board and creates a new 10-member Michigan Parole Board within the MDOC effective April 15, 2011. Budget removes funding for the five unclassified Board positions eliminated in the reorganization along with two support staff positions for the Board.	Gross	N/A	(\$747,900)	\$0
	GF/GP	N/A	(\$747,900)	\$0
14. Parole/Probation and Tether Fee Revenue Shortfall	Gross	\$178,661,200	\$0	\$0
Shifts \$3.0 million in financing for Field Operations programs from restricted revenue to GF/GP revenue to account for current restricted revenue shortfalls. Appropriations from parole/probation oversight fees and tether participant contributions are reduced by \$2.0 million and \$1.0 million, respectively, to better reflect expected revenue in these areas. These reductions are offset by increasing GF/GP appropriations by \$3.0 million to maintain base funding.	Restricted	11,333,800	(3,000,000)	\$0
	GF/GP	\$167,327,400	\$3,000,000	\$0
15. Interdepartmental Grants	Gross	\$1,350,000	(\$1,350,000)	\$0
Eliminates funding for interdepartmental grants to the Judiciary to support drug treatment courts (\$1.0 million GF/GP), to the Legislative Corrections Ombudsman for oversight functions (\$250,000 GF/GP), and to the Department of State Police for mental health awareness training (\$100,000 GF/GP). Direct funding is proposed in the Judiciary and State Police budgets to replace the MDOC funding. No replacement funding is included for the Corrections Ombudsman.	GF/GP	\$1,350,000	(\$1,350,000)	\$0
16. GPS Tether Contract Savings	Gross	\$17,156,400	(\$750,000)	\$0
Reduces Electronic Monitoring Center appropriation by \$750,000 GF/GP to reflect a reduction in contract costs related to GPS tether monitoring. The daily contract rate for this service will be reduced from \$6.00 to \$5.50 effective July 1, 2011.	Local	443,100	0	0
	GF/GP	\$16,713,300	(\$750,000)	\$0
17. Regional Business Office Consolidation	FTE	266.0	(10.0)	0.0
Eliminates 10 FTE positions and \$700,000 from the Northern Region and Southern Region administration line items to reflect consolidations in business office staffing that handle accounting and procurement functions.	Gross	\$29,951,600	(\$700,000)	\$0
	GF/GP	\$29,951,600	(\$700,000)	\$0
18. Jackson County Incinerator Savings Adjustment	Gross	(\$1,500,000)	\$700,000	\$0
Adjusts savings assumptions included in FY 2010-11 budget related to MDOC's contract with Jackson County for the purchase of steam generated through a county incinerator. Current year budget assumes \$1.5 million savings, but MDOC indicates revised agreement with county will generate fewer savings. Budget proposal restores the difference.	GF/GP	(\$1,500,000)	\$700,000	\$0

<u>Major Budget Changes From FY 2010-11 YTD Appropriations</u>	FY 2010-11 YTD (as of 2/17/11)	Executive Changes		
		FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13	
19. Other Budget Reductions and Transfers	Gross	N/A	\$922,200	\$0
Includes other budget adjustments and transfers, including:	GF/GP	N/A	\$922,200	\$0
<ul style="list-style-type: none"> \$800,000 GF/GP increase to account for increased utility costs at four prisons \$400,000 GF/GP increase for parole office rent costs \$277,800 GF/GP transfer to Department of Technology, Management and Budget to correct prior budget adjustments related to human resources staff 				
20. FY 2012-13 Spending Adjustment	Gross	N/A	\$0	\$30,000,000
Provides an estimated \$30.0 million GF/GP for FY 2012-13 as a contingency to cover unknown potential needs in areas such as medical services inflation, information technology, and physical plant spending.	GF/GP	N/A	\$0	\$30,000,000
21. Economic Adjustments	Gross	N/A	\$58,312,200	\$50,623,300
Includes \$58.3 million gross (\$56.2 million GF/GP) for FY 2011-12 and another \$50.6 million (\$49.8 million GF/GP) for FY 2012-13 to cover economic increases. For FY 2011-12, the increase is related to employee and retiree insurance, retirement costs, building occupancy charges, worker's compensation, food and fuel.	IDG	N/A	28,400	4,000
The FY 2012-13 adjustments include only projected cost increases for employee and retiree insurance and retirement costs. Budget does not include an increase for salaries and wages for either fiscal year.	Federal	N/A	126,600	50,700
	Local	N/A	4,200	0
	Restricted	N/A	1,919,700	791,000
	GF/GP	N/A	\$56,233,300	\$49,777,600

Major Boilerplate Changes From FY 2010-11

NOTE: No boilerplate language is proposed for FY 2012-13

Executive Boilerplate Deletions

In general, the Executive Recommendation deletes a large majority of boilerplate language included in the FY 2010-11 budget. This includes many legislative reporting requirements, sections providing guidance and placing conditions on appropriations, and earmarks of funding for specific purposes. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections deleted.

Sec. 204a. Health Care Professional Compensation Study – DELETED

Requires comparison of compensation rates for health care professionals providing service within corrections system and comparable professionals in private sector with recommendations regarding any changes needed to compensation plan.

Sec. 205. Hiring Freeze – DELETED

Imposes a hiring freeze for state civil service positions. State Budget Director is given authority to grant exceptions to the hiring freezes if specific criteria are met.

Sec. 211. Authority to Collect and Spend Certain Reimbursement Revenue – REVISED

Allows MDOC to collect revenue in excess of appropriations and to use the revenue to offset expenses associated with related programs such as parolee loans or academic/vocational services. Executive language adds public works programs and services provided to local units of government to list of programs. Executive also deletes language placing restrictions on use of money collected from parolees and probationers for restitution.

Sec. 219. Prisoner Telephone Calls – DELETED

Requires MDOC to ensure that prisoner telephone charges under any contract for telephone services be the same as those applying outside of correctional institutions.

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. 301. Offender Tracking Information System (OTIS) – DELETED

Requires felony offender files generally to be maintained and publicly accessible for three years after the offender is released from MDOC jurisdiction, and requires fee-based access to older files.

Major Boilerplate Changes From FY 2010-11

Sec. 403. Michigan Prisoner Re-entry Initiative (MPRI) Reporting – DELETED

Requires reports on actual prior-year and planned current-year MPRI expenditures and allocations.

Sec. 403a. Dashboard Tracking and Response System – DELETED

Requires development and utilization of "dashboard" indicators of offender success or failure in collaboration with technical committee of stakeholders; requires report on data.

Sec. 407. Annual Statistical Reports – DELETED

Requires annual statistical reports with court disposition, prison commitment, prison population and other corrections data and information to be placed online.

Sec. 410. Community Corrections Comprehensive Plans and Services – DELETED

Specifies purpose and requirements for local comprehensive corrections plans, and limits residential services per diems to \$47.50 for non-accredited and \$48.50 for accredited providers.

Sec. 414. County Jail Reimbursement Program – REVISED

Provides for reimbursements under the County Jail Reimbursement Program, which offers counties per diem payments for housing certain offenders in jail, and allows counties to choose between two sets of reimbursement criteria and rates. Executive language maintains the county option to choose between alternative reimbursement methodologies, but eliminates the provision for a reimbursement committee of Subcommittee Chairs and other stakeholders to review payments of all eligible reimbursement claims.

Sec. 416. Felony Drunk Driver Program – DELETED

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.

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

Requires MDOC to collaborate with other state entities to develop processes to assist prisoners in obtaining state identification and their birth certificates.

Sec. 419. Offender Data Reports – REVISED

Requires regular electronic mail reports on offender populations by location, facility capacities, prison intake and returns, and parole board activity. Executive proposes change in requirement for prisoner, parole and probation population data from monthly to quarterly reports.

Sec. 424. High-Risk Probationers Project – DELETED

Provides for implementation of a high-risk probationer demonstration project, utilizing evidence-based practices for reducing criminal behavior. Specifies collaboration with the judiciary and the local community corrections advisory board.

Sec. 426. Employment in Recycling Programs for Parolees – DELETED

Allocates \$500,000 to non-profit agencies with established public utility asset recovery recycling programs, and requires hiring at least 45% returning citizens through the funded program.

Sec. 429. Follow-up on Council of State Governments Recommendations – DELETED

Expresses legislative intent for MDOC to work with other state departments and agencies to implement the policy options identified by the Council of State Governments in January 2009.

Sec. 434. Programs for At-Risk Young Adults and Children of Incarcerated Parents – DELETED

Expresses intent that MDOC collaborate with other state and local entities to implement employment projects targeting at-risk young adults in high-crime neighborhoods and support programs for children of incarcerated parents. In her signing letter, Governor Granholm indicated requirement on other non-MDOC state entities may be unconstitutional.

Sec. 603. Electronic Tether Costs – REVISED

Requires tether participants to reimburse MDOC for program costs, and allows MDOC to require community service work for those unable to pay. Provides for a community tether program for counties and allows tether rentals to local units of government. Executive proposal deletes language allowing MDOC to require community service work in lieu of payment, and requires participant reimbursement for tether costs only "where possible".

Sec. 604. Reimbursement for Community Placement Costs – DELETED

Requires community placement prisoners and parolees to reimburse for program costs or perform community service.

Sec. 614. Post-Conviction Bonds – DELETED

Includes language providing for court-ordered post-conviction bonds as a condition of probation, community control, restitution payment plan, or any other court-ordered supervision.

Sec. 615. Parole Board Review of Inmates Sentenced to Life with Possibility of Parole – DELETED

Requires Parole and Commutations Board, after case review of all inmates sentenced to life imprisonment with the possibility of parole, to provide explanation as to why those who score "high probability of release" are not being paroled.

Major Boilerplate Changes From FY 2010-11

Sec. 802. Health Care Timeliness and Expenditures – DELETED

Requires reports on time elapsed between diagnosis and treatment, and on expenditures, allocations, and projected expenditures from accounts for prisoner health care.

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. 807. Provision of Medications Upon Prison Transfer or Release – DELETED

Requires medications to be transferred with a prisoner between facilities; requires 30-day supply of medications and prescription for refills be provided to prisoners upon release.

Sec. 814. Availability of Psychotropic Drugs – DELETED

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

Sec. 815. Health Care Quality Assurance Unit – DELETED

Allocates \$520,000 of appropriation for Health Care Administration to operate a Health Care Quality Assurance Unit.

Sec. 911. Facility Safety and Security – DELETED

Requires MDOC to ensure sufficient number of correctional officers to maintain safety and security of the institution, to report on critical incidents and assaults, and to generally maintain or exceed October 1, 2008 custody staffing ratios.

Sec. 912. Institutional Staffing – DELETED

Requires staffing report on corrections officer-to-prisoner ratio, shift command-to-line custody staff ratio, and non-custody staff-to-prisoner ratio for each correctional institution.

Sec. 913. Completion of Programs Mandated as Condition of Parole – DELETED

Expresses legislative intent that MDOC transfer prisoners as necessary to facilitate timely participation and completion of assaultive offender, sex offender, and other mandated programs prior to parole eligibility hearings.

Sec. 918. Transportation Services Request for Information – DELETED

Requires MDOC to issue a request for information on the possible bidding of all prisoner transportation services, following receipt of an auditor general performance audit on offender transportation.

Sec. 919. Food Service Contract – DELETED

Specifies conditions and criteria to be met prior to expenditure of funds on private food service contract.

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

Requires prisoners to be evaluated at intake for certain disorders and serious mental illness, and generally requires therapeutic seclusion as opposed to administrative segregation for prisoners with serious mental illness. Executive proposal modifies requirement that prisoner in therapeutic seclusion be evaluated by a mental health professional "every 12 hours" to a "frequency defined in the mental health code".

Sec. 929. Youthful Offenders – DELETED

Guides treatment of offenders less than 19 years of age by requiring specialized training for staff and separate housing, limiting administrative segregation for those with mental health issues, and requiring specialized re-entry program.

Sec. 934. Prison Industries Clothing and Textiles Pilot Program – DELETED

Requires MDOC to establish a pilot program for the manufacturing of textiles and clothing in at least one state prison.