

**FY 2009-10 Department of Corrections
HB 4437 (H-1)
Summary 4/2/09**



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

Analyst: Marilyn B. Peterson

	FY 2008-09 YTD (as of 2/12/09)	FY 2009-10 Executive	FY 2009-10 House	FY 2009-10 Senate	FY 2009-10 Enacted	Difference: House From FY 2008-09 YTD	
						Amount	%
IDG/IDT	\$1,277,200	\$891,900	\$891,900			(\$385,300)	(30.2)
Federal	10,350,200	7,746,100	7,746,100			(2,604,100)	(25.2)
Local	430,300	432,700	432,700			2,400	0.6
Private	0	0	0			0	0.0
Restricted	54,894,700	50,924,600	50,924,600			(3,970,100)	(7.2)
GF/GP	1,948,111,800	1,898,399,600	1,898,399,600			(49,712,200)	(2.6)
Gross	\$2,015,064,200	\$1,958,394,900	\$1,958,394,900			(\$56,669,300)	(2.8)
FTEs	17,103.0	15,767.1	15,767.1			(1,335.9)	(7.8)
Avg. Pop.	51,841	45,433	45,433			(6,408)	(12.4)

Note: FY 2008-09 figures reflect supplementals, contingency fund transfers, and Executive Order (EO) actions through February 12, 2009.

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 2008-09 YTD Appropriations	FY 08-09 YTD (as of 2/12/09)	Change From YTD
----------------------------------------------------------------	-----------------------------------------	----------------------------

PRISON OPERATIONS

1. FY 2008-09 Facility Closures at Unspecified Locations

House and **Executive** include 12-month savings projected from additional closures of more than 3,500 prison beds by October 1, 2009; locations are not identified. Bed savings would be achieved through a combination of paroles and expanded utilization of community corrections prison diversion programs. To support additional numbers of offenders in the community, increases to the Michigan Prisoner Reentry Initiative (MPRI), parole and probation supervision, and community corrections are included for FY 2009-10, and the Executive requests FY 2008-09 supplemental appropriations of \$20 million to provide additional funding for MPRI and parole supervision.

Beds	N/A	(3,886)
FTEs	N/A	(1,077.2)
Gross	N/A	(\$117,992,800)
Restricted	N/A	(1,093,900)
GF/GP	N/A	(\$116,898,900)

Associated boilerplate language added by the **House** notes that savings could derive from various efficiencies and reductions in addition to bed closures.

2. Remaining Scott Closure Savings

House and **Executive** take remaining savings to be realized from closure of Scott Correctional Facility in Plymouth. FY 2008-09 budget reduced funding by \$13.2 million and 10.0 FTEs in anticipation of May 2009 closure. Bed count and remaining FTEs and funding are eliminated in FY 2009-10; savings include reduced costs of prison clinics, education, food service, transportation, and DIT. Funding for Camp White Lake is transferred to Huron Valley, in conjunction with that complex being converted to an all-female facility. Savings through consolidation of female population at Huron Valley are identified separately (see Nos. 8 and 12, below).

Beds	N/A	(880)
FTEs	N/A	(369.7)
Gross	N/A	(\$19,455,500)
GF/GP	N/A	(\$19,455,500)

<u>Major Budget Changes From FY 2008-09 YTD Appropriations</u>		<u>FY 08-09 YTD (as of 2/12/09)</u>	<u>Change From YTD</u>
3. Remaining Deerfield Closure Savings	Beds	N/A	(1,200)
House and Executive take remaining savings to be realized from closure of Deerfield Correctional Facility in Ionia. Executive Order 2008-21 reduced funding by \$14.2 million in anticipation of closure by April 1, 2009. Beds, FTEs, and remaining funding are eliminated in FY 2009-10; savings include reduced costs of prison clinics, education, food service, transportation, and DIT.	FTEs	N/A	(236.9)
	Gross	N/A	(\$14,128,900)
	Restricted	N/A	(116,700)
	GF/GP	N/A	(\$14,012,200)
4. Remaining Camp Branch Closure Savings	Beds	N/A	(710)
House and Executive take remaining savings to be realized from closure of Camp Branch in Coldwater. Executive Order 2008-21 reduced funding by \$6.8 million in anticipation of closure by April 1, 2009; Camp Branch closed on February 4, 2009. Beds, FTEs, and remaining funding are eliminated in FY 2009-10; savings include reduced costs of prison clinics, education, food service, transportation, and DIT.	FTEs	N/A	(126.9)
	Gross	N/A	(\$7,212,300)
	Restricted	N/A	(136,200)
	GF/GP	N/A	(\$7,076,100)
5. New Officer Training	Gross	\$9,702,300	(\$9,643,300)
House and Executive reflect closure-related reduction in need to train new corrections officers. With economic adjustments, proposed funding for FY 2009-10 would be \$250,500. Costs of training new recruits are \$17,034 per graduate, a figure that includes a recruit's wages and benefits for the 16-week training course, plus manuals, travel, and uniform costs.	GF/GP	\$9,702,300	(\$9,643,300)
6. Other Closure-Related Savings	Gross	N/A	(\$6,197,000)
House and Executive incorporate additional closure-related savings in hospital and specialty care (\$3.7 million), worker's compensation (\$1.8 million), information technology (\$372,800), and administrative hearings officers (\$348,000).	GF/GP	N/A	(\$6,197,000)
7. Utilize Beds at W. J. Maxey Training School	FTEs	N/A	186.3
House and Executive provide \$16.7 million for full-year use of a unit at the Department of Human Services's Maxey facility in Whitmore Lake. In conjunction with closure of Scott Correctional Facility and conversion of Huron Valley Men's into a women's facility, over 200 seriously mentally ill male prisoners currently housed at Huron Valley are to be transferred to Maxey's Woodland Unit.	Gross	N/A	\$16,659,000
	GF/GP	N/A	\$16,659,000
8. Additional Double Bunking	FTEs	N/A	56.5
House and Executive fund estimated 500 to 530 beds to be added to current facilities in conjunction with closures of units and facilities elsewhere. Supported by an undetermined amount of savings assumed through efficiencies gained by consolidating all women at Huron Valley (see No. 12, below).	Gross	N/A	\$4,432,100
	GF/GP	N/A	\$4,432,100
9. Consolidate Contiguous Facilities	FTEs	N/A	(39.0)
House and Executive reflect plans to consolidate prisons with contiguous boundaries at four complexes: Kincheloe, Carson City, St. Louis, and Adrian. Various supervisory and support staff positions to be eliminated at Chippewa, Carson City, St. Louis, and Gus Harrison.	Gross	N/A	(\$3,517,100)
	GF/GP	N/A	(\$3,517,100)
10. Food Service Contracting	FTEs	494.0	(9.0)
House and Executive incorporate partial-year savings through contracting for prisoner food service purchasing, portion control, and nutrition services. Full-year savings estimated at \$4.0 million. About \$2.3 million of savings would come from the \$82.2 million food services line item; remaining reductions would come from regional support and services line items.	Gross	\$82,226,500	(\$3,000,000)
	Restricted	1,800,000	0
	GF/GP	\$80,426,500	(\$3,000,000)
11. Prisoner Education Program	FTEs	N/A	(18.0)
House and Executive include savings anticipated through redesign of prisoner education program to place greater emphasis on employment readiness and coordination with re-entry efforts.	Gross	N/A	(\$2,000,000)
	GF/GP	N/A	(\$2,000,000)

<u>Major Budget Changes From FY 2008-09 YTD Appropriations</u>	<u>FY 08-09 YTD (as of 2/12/09)</u>	<u>Change From YTD</u>
12. Huron Valley Consolidation Savings	Gross	N/A
House and Executive include adjustments to reflect efficiencies realized through the consolidation of all the female prisoners at Huron Valley. Actual savings are expected to be something in excess of the \$936,000 reduction to the Huron Valley Complex; any additional savings would be utilized to support costs of additional double-bunked beds (see No. 8, above).	GF/GP	N/A
		(\$936,000)
		(\$936,000)
13. Public Works Program	FTEs	N/A
House and Executive include an adjustment of 10.0 FTEs, with no associated funding increase, to support prisoner public works program. Boilerplate changes would allow the Department to restore fee schedules to levels other than one-half the rates in effect in FY 2007-08.	Gross	N/A
	GF/GP	N/A
		10.0
		\$0
		\$0
PRISONER HEALTH AND MENTAL HEALTH CARE		
14. Mental Health Services and Programs	FTEs	N/A
To meet needs of increasing numbers of prisoners needing mental health services, House and Executive add:	Gross	N/A
<ul style="list-style-type: none"> \$2.7 million for 50% phased funding of six additional outpatient treatment teams (bringing the total number to 22). \$1.6 million for 80% phased funding to expand the rehabilitation treatment services (RTS) program from 120 to 160 beds. The RTS program provides subacute residential care for seriously mentally ill prisoners who require psychiatric hospitalization. \$1.5 million for 80% phased funding to expand the crisis stabilization program from 14 to 40 beds. \$1.2 million for 50% phased funding for two additional residential treatment program (RTP) units at security levels IV (close) and V (maximum). RTP units house seriously mentally ill prisoners who cannot function in the general population but who no longer require psychiatric hospitalization. \$969,300 for 80% phased funding to establish a 180-bed developmental disabilities unit. 	GF/GP	N/A
		14.0
		\$8,000,000
		\$8,000,000
15. Hepatitis C Testing and Treatment	Gross	N/A
House and Executive add \$4.2 million to meet estimated costs in third year of implementation of new Hepatitis C testing protocols, which are identifying more prisoners in need of and subsequently receiving treatment for Hepatitis C. Funding of \$1.7 million was added in FY 2007-08 and another \$14.9 million added in FY 2008-09. Full impact is expected in FY 2009-10, and additional increases are not anticipated.	GF/GP	N/A
		\$4,185,500
		\$4,185,500
16. Pharmaceutical Increases	Gross	N/A
House and Executive increase funding for pharmaceuticals to meet FY 2007-08 expenditure levels; increase includes \$2.4 million for psychotropic medications and \$27,000 for pharmaceutical delivery equipment at two facilities.	GF/GP	N/A
		\$3,482,200
		\$3,482,200
17. New Managed Care Contract	Gross	N/A
House and Executive add \$1.9 million for increased costs expected under new managed care contract with Prison Health Services, Inc. (PHS) for hospital and specialty care and certain provider services (physicians, physician's assistants, and nurse practitioners). Contract was approved by state administrative board on February 10, 2009; following a transitional period, health care is being provided under the new contract commencing April 1, 2009.	GF/GP	N/A
		\$1,896,400
		\$1,896,400

<u>Major Budget Changes From FY 2008-09 YTD Appropriations</u>	<u>FY 08-09 YTD (as of 2/12/09)</u>		<u>Change From YTD</u>
18. Health Care Automation	FTEs	N/A	1.0
House and Executive add funding for several health care automation initiatives, including:	Gross	N/A	\$3,660,300
<ul style="list-style-type: none"> \$1.9 million for an electronic medication administration record system and scanners. \$1.1 million for development and maintenance of a prisoner health care data warehouse and automated claims processing. \$680,300 for additional implementation and support of a new prisoner medical records system. 	GF/GP	N/A	\$3,660,300
19. Nursing Staff	FTEs	N/A	26.0
House and Executive fund additional nursing positions to enable provision of 24/7 nursing coverage at various facilities where it is not currently available.	Gross	N/A	\$2,149,400
	GF/GP	N/A	\$2,149,400
20. Duane Waters Step-Down Beds	FTEs	N/A	16.0
House and Executive support 60 new "step-down" beds at Egeler's Duane Waters Hospital, which provide sub-acute care for prisoners who otherwise would need off-site hospitalization.	Gross	N/A	\$1,118,700
	GF/GP	N/A	\$1,118,700
MPRI, FIELD OPERATIONS, AND COMMUNITY PROGRAMS			
21. Michigan Prisoner Re-Entry Initiative (MPRI)	Gross	\$33,173,700	\$23,432,000
House and Executive increase funding for MPRI to support increased numbers of parolees. Executive proposes increases of:	Federal	1,035,000	0
<ul style="list-style-type: none"> \$5.3 million for residential services. \$3.5 million for mentally ill offender re-entry program. \$4.2 million for substance abuse services. \$5.0 million for employment services. \$4.7 million for miscellaneous support services. \$750,000 for sex offender polygraph tests. 	GF/GP	\$32,138,700	\$23,432,000
As part of a \$20.0 million supplemental request for the current fiscal year, the Executive is seeking an additional \$11.2 million for MPRI.			
22. Parole Board and Staff	FTEs	N/A	8.0
House incorporates Executive's funding for proposed expansion of parole board from 10 to 15 members, as proposed by Executive Order 2009-5, issued February 12, 2009. Total cost of additional five members and 3.0 staff positions is put at about \$1.0 million, of which \$400,500 is funded through an internal transfer and used to support salaries for the additional unclassified positions. House adds boilerplate to specify expenditures for parole board and special parole board as provided by HBs 4710 and 4711.	Gross	N/A	\$600,000
	GF/GP	N/A	\$600,000
23. Global Positioning System (GPS) Tether	FTEs	N/A	121.0
House and Executive fund additional GPS tether units and associated staff, including 92.0 additional parole agent positions. Includes:	Gross	N/A	\$16,889,000
<ul style="list-style-type: none"> \$1.5 million for 500 units for paroled sex offenders. \$5.2 million to support full-year costs on 800 units added under EO 2008-21. \$10.2 million for 1,500 additional units to support parole increases. 	GF/GP	N/A	\$16,889,000
As part of a \$20.0 million supplemental request for the current fiscal year, the Executive is seeking \$7.9 million for 500 additional tether units and associated staffing.			

Major Budget Changes From FY 2008-09 YTD Appropriations	FY 08-09 YTD (as of 2/12/09)		Change From YTD
24. Parole and Probation Supervision	FTEs	N/A	84.0
House and Executive fund additional parole and probation agents and associated staff, including:	Gross	N/A	\$7,299,500
<ul style="list-style-type: none"> \$3.5 million and 40.0 agents to accommodate workload increases occurring in FY 2007-08 and FY 2008-09. \$3.8 million and 38.0 agents to support the anticipated increase in paroles in FY 2009-10. 	GF/GP	N/A	\$7,299,500
25. Community Corrections Residential Beds	Gross	\$17,075,500	\$1,000,000
House and Executive provide \$1.0 million for community corrections residential program aimed at high-risk, high-need probationers, with the dual goal of reducing crime and the incidence of prison sentences for probation violators. As part of a \$20.0 million supplemental request for the current fiscal year, the Executive is seeking an additional \$902,600 for probation residential services.	GF/GP	\$17,075,500	\$1,000,000
26. Absconder Apprehension Program	FTEs	N/A	12.0
House and Executive anticipate in-sourcing of parole absconder apprehension services currently provided under contract with Wayne County Sheriff's Department, for estimated savings of \$1.2 million. Twelve FTEs are added for absconder apprehension in the southeast metro area.	Gross	N/A	(\$1,200,000)
	GF/GP	N/A	(\$1,200,000)
27. County Jail Reimbursement Program	Gross	\$12,272,100	\$775,000
House transfers \$519,300 from Residential Services and \$255,700 from the felony drunk driver program to increase county jail reimbursement funding by \$775,000, and includes new boilerplate language that narrows reimbursement criteria and establishes a three-tier reimbursement schedule, replacing current \$43.50 per diem. Executive proposes slightly narrower criteria and a two-tier reimbursement schedule.	Restricted	7,514,400	0
	GF/GP	\$4,757,700	\$775,000
MISCELLANEOUS ADJUSTMENTS AND FUNDING CHANGES			
28. Central Office Reductions	FTEs	N/A	(12.0)
House and Executive reduce central office by 4.0 FTEs in Planning and Community Development, 5.0 FTEs in Operations Support, 2.0 FTEs in Field Operations, and 1.0 FTE in Correctional Facilities Administration.	Gross	N/A	(\$1,723,100)
	GF/GP	N/A	(\$1,723,100)
29. Prison Stores	FTEs	N/A	75.0
House and Executive restore the restricted funding and most of the 90.0 FTEs that were eliminated under the enacted FY 2008-09 budget in anticipation of bidding out of prison store operations and centralizing warehouse functions; does not replace \$1.2 million in associated GF/GP savings taken in FY 2008-09. Creates a new line item, "prison store operations," to appropriate prison store revenue and provide for 256.0 store-related FTEs. Costs of storekeepers would in part be supported with GF/GP funding remaining in the facility line items. Because prison stores are to continue to operate much as they have been (although with greater centralization and automation), the Executive is seeking restoration of the restricted funding that supports storekeeper positions. An analogous supplemental appropriation has been requested for FY 2008-09.	Gross	N/A	\$4,800,000
	Restricted	N/A	4,800,000
	GF/GP	N/A	\$0

<u>Major Budget Changes From FY 2008-09 YTD Appropriations</u>		<u>FY 08-09 YTD (as of 2/12/09)</u>	<u>Change From YTD</u>
30. Prisoner Store Surcharge and Food Service Funding	Gross	N/A	\$0
House and Executive use \$1.8 million GF/GP to replace one-time revenue from temporary 10% surcharge on prisoner store purchases. Fiscal year 2008-09 boilerplate established the surcharge, expressed an intent to apply it for only one year, and allocated revenues for the state trooper recruit school fund. Executive Order 2008-21 reduced to zero the boilerplate appropriation, and reduced GF/GP appropriations for food service by \$1.8 million. A subsequent contingency fund transfer appropriated the anticipated surcharge revenues as state restricted contingency funds.	Restricted	N/A	(\$1,800,000)
	GF/GP	N/A	\$1,800,000
31. Offender Database Migration	FTEs	N/A	2.0
House and Executive support completion of project to migrate the offender database from aging mainframe Corrections Management Information System (CMIS) to the client-server Offender Management Network Information (OMNI) system. Offender identification numbers are expected to exceed six digits and the corresponding capacity of CMIS sometime in 2012.	Gross	N/A	\$1,073,300
	GF/GP	N/A	\$1,073,300
32. Economic Adjustments	Gross	N/A	\$35,084,900
House and Executive include economic adjustments of	IDG/IDT	N/A	14,700
• \$9.5 million Gross, \$9.3 million GF/GP for salaries and wages	Federal	N/A	33,400
• \$6.9 million Gross, \$6.7 million GF/GP for insurance	Local	N/A	2,400
• \$15.4 million Gross, \$15.1 million GF/GP for retirement	Restricted	N/A	444,100
• \$488,500 Gross and GF/GP for worker's compensation	GF/GP	N/A	\$34,590,300
• (\$60,800) for building occupancy charges			
• \$1.4 million Gross and GF/GP for food			
• \$1.6 million Gross and GF/GP for fuel and utilities			

Major Boilerplate Changes From FY 2008-09

Sec. 207. Privatization Project Plans – RETAINED

Requires project plan to be submitted to Legislature at least 90 days before beginning any effort to privatize. **Executive** deletes, **House** retains.

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

Requires cost-benefit analyses and legislative approval prior to privatizing activities provided by state employees; requires savings of at least 5% to be identified. **Executive** deletes, **House** retains.

Sec. 219. Prisoner Telephone Calls – RETAINED

Specifies 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** deletes, **House** retains.

Sec. 224. Litigation Report – RETAINED

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 MDOC. **Executive** deletes, **House** retains.

Sec. 225. Displaced Employees – RETAINED

Requires MDOC to work to place in other positions employees displaced by any reductions in force. Employees not placed in other positions in MDOC are to be given priority in state programs for job retraining or education. **Executive** deletes, **House** retains.

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

Requires MDOC to provide, for a fee, information purged from OTIS; appropriates revenue for OTIS and other IT costs. **Executive** deletes, **House** retains.

Major Boilerplate Changes From FY 2008-09

Sec. 305. Prisoner Suicides – NEW

House requires report on prisoner suicides, including information on circumstances of each suicide and department's response.

Sec. 403. MPRI Performance Indicators – NEW

Executive replaced detailed report on MRPI expenditures and results with provision for development of "dashboard" indicators of program performance. **House** retains report on MPRI expenditures and revises Executive provision for "dashboard" development.

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

House replaces existing criteria and reimbursement rate of \$43.50 per qualifying inmate per day with more stringent criteria and a three-tier schedule providing for \$35, \$50, or \$60 per day, based on the severity of the offense. **Executive** proposes to narrow reimbursement criteria and establish a two-tier reimbursement rate schedule based on sentencing guidelines scores.

Sec. 424. High-Risk Probationer Pilot – NEW

House includes language providing for implementation of \$1.0 million high-risk probationer pilot program, utilizing an MPRI model for reducing criminal behavior and specifying collaboration with the circuit court and the local community corrections advisory board.

Sec. 613. Special Parole Board – NEW

House mandates that funding pertaining to parole board operations be for operation of parole board and special parole board as provided in House Bills 4710 and 4711.

Sec. 811. Health Care Continuous Quality Improvement – NEW

House requires report on status of efforts to implement continuous quality improvement in prisoner health care.

Sec. 906. Public Works Program – REVISED

Executive and **House** delete language expressing legislative intent for public works program to be maintained at the level in effect in FY 2006-07, halving rates in effect in FY 2007-08, and requiring lists of prisoners available for public works projects.

Sec. 919. Food Service Contract – NEW

House specifies conditions for expenditure of funds on food service contract, including completion of privatization project plan and cost-benefit analysis, identification of at least five percent savings from existing costs, and explanation of impact on use of local and Michigan vendors, growers, and processors.

Sec. 923. Local School Districts – RETAINED

Directs MDOC to cooperate with Department of Education to evaluate feasibility of local school districts providing educational programming to targeted prisoners under age 20. **Executive** deleted, **House** retains.

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

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. **Executive** deleted, **House** retains.

Sec. 925. Administrative Segregation Report – RETAINED

Requires MDOC 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. **Executive** deleted, **House** retains with minor changes.

Sec. 926. Prison Store Surcharges – DELETED

Requires 10% surcharge on the cost of certain goods sold at prison stores and directs the revenues to the state trooper recruit school fund. Expresses legislative intent to apply surcharge for one year only. **Executive** and **House** delete.