

Summary: House Bill 4270
As Reported by House Subcommittee
DEPARTMENT OF CORRECTIONS



Analyst: Bob Schneider

	FY 2010-11 Year-to-Date as of 2/17/11	FY 2011-12 House Subc	Difference: FY 2011-12 Vs. FY 2010-11		FY 2012-13 House Subc	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	52,351,400	(27,975,700)	(3.5)	51,675,300	(676,100)	(0.9)
GF/GP	\$1,917,879,500	\$1,874,836,200	(\$43,043,300)	(2.2)	\$1,950,811,200	\$75,975,000	4.1
Gross	\$2,007,433,600	\$1,936,573,800	(\$70,859,800)	(9.6)	\$2,011,927,400	\$75,353,600	3.8
FTEs	15,877.5	15,529.3	(348.2)	(2.2)	14,989.4	(539.9)	(3.4)

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.

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.

<u>Major Budget Changes From FY 2010-11 YTD Appropriations</u>	<u>House Subcommittee Changes</u>		
	<u>FY 2010-11 YTD (as of 2/17/11)</u>	<u>FY 2010-11 to FY 2011-12</u>	<u>FY 2011-12 to FY 2012-13</u>
1. Closure of Crane and Mound Correctional Facilities	FTE 10,869.9	(266.6)	(70.9)
Provides for the closure of both the Crane and Mound Correctional Facilities. Full-year closure savings of \$26.1 million are included for Crane, which is scheduled to be closed in June 2011 pursuant to the Executive budget recommendation. The budget also assumes the closure of Mound in January 2012 and includes direct partial-year savings of \$19.5 million. However, the department is allowed to retain \$14.0 million in the Inmate Housing Fund line item to accommodate Mound prisoners in other facilities, so net savings from the Mound closure equates to \$5.5 million.	Beds 44,181	(1,258)	(266)
	Gross \$1,096,308,300	(\$31,590,700)	(\$6,502,600)
	Federal 1,481,400	0	0
	Restricted 32,155,800	0	0
	GF/GP \$1,062,671,100	(\$31,590,700)	(\$6,502,600)
2. Reinvestment of Crane Closure Savings	FTE 10,869.9	32.0	0.0
Chair's recommendation concurs with an Executive proposal to reinvest some of Crane closure savings within the budget. Budget provides \$2.9 million to finance 32 additional corrections program coordinator positions across prison facilities. These coordinators are responsible for developing prisoner programming and ensuring that prisoners complete programming. In addition, \$2.7 million is added to four prison line items to address anticipated personnel cost increases related higher average seniority among staff following the Crane closure. Total reinvestment in the Chair's proposal is \$5.6 million, slightly below the \$7.2 million recommended by the Governor.	Beds 44,181	0	0
	Gross \$1,096,308,300	\$5,600,700	\$0
	Federal 1,481,400	0	0
	Restricted 32,155,800	0	0
	GF/GP \$1,062,671,100	\$5,600,700	\$0

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Major Budget Changes From FY 2010-11 YTD Appropriations	FY 2010-11 YTD (as of 2/17/11)	FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13	
3. Cost-Effective Housing Initiative	Gross	N/A	(\$9,581,300)	\$0
Includes \$47.9 million in a new Cost-Effective Housing Initiative line item aimed at exploring more cost-effective methods of housing prisoners. Related boilerplate requires funding to be used to house prisoners in the most cost-effective manner possible, including the use of public-private partnerships, privately-owned facilities, and the re-use of recently closed facilities. The direct appropriation is offset by a negative appropriation of \$57.5 million in the Inmate Housing Fund line item which represents anticipated savings in general prison operations from the initiative. Net savings from the initiative would be \$9.6 million.	GF/GP	N/A	(\$9,581,300)	\$0
4. Prison Operation Efficiencies	FTE	10,869.9	0.0	0.0
Reduces appropriations for prison facilities and regional offices by 1.5% from Executive recommended levels. Reductions are applied to each facility line item, but exclude Mound, Crane, and the Special Alternative Incarceration Facility. The proposal reduces total prison operation funding by \$16.2 million.	Beds	44,181	0	0
	Gross	\$1,096,308,300	(\$16,175,400)	\$0
	Federal	1,481,400	0	0
	Restricted	32,155,800	0	0
	GF/GP	\$1,062,671,100	(\$16,175,400)	\$0
5. Programming for Parole-Eligible Prisoners	Beds	N/A	(220)	0
Adds \$1.6 million to the Health Care Clinical Complexes line items to provide additional resources toward prisoner programming, particularly assaultive offender and sex offender programs, that are often needed for prisons to achieve parole. The Department revealed that over 1,000 prisoners currently past their earliest release date have not completed this programming despite the need. Budget assumes offsetting savings of \$5.5 million, which assumes program completion and parole for around 220 prisoners.	Gross	N/A	(\$3,918,700)	\$0
	GF/GP	N/A	(\$3,918,700)	\$0
6. County Jail Reimbursement Diversion Savings	Gross	N/A	(\$4,500,000)	\$0
Maintains current year appropriation of \$16.6 million for county jail reimbursement program, but restructures reimbursement and eligibility provisions in boilerplate. Separate appropriations finance reimbursement to each sentencing guideline tier to expand potential reimbursements for offenders more likely to have been otherwise sentenced to prison. If the program is fully utilized, the restructuring would result in prison operations savings of around \$4.5 million.	GF/GP	N/A	(\$4,500,000)	\$0
7. Privatization of Special Alternative Incarceration Facility	Gross	\$10,965,800	(\$1,000,000)	\$0
Assumes \$1.0 million in savings resulting from the privatization of the Special Alternative Incarceration facility at Camp Cassidy Lake.	IDG	350,800	0	0
	GF/GP	\$10,615,000	(\$1,000,000)	\$0
8. Central Office Operating Reduction	Gross	\$67,113,600	(\$3,000,000)	\$0
Reduces funding for various central office functions by 4.5%. This includes appropriations for Lansing-based central office staff in the Executive Bureau, Operations Support Administration, Correctional Facilities Administration, and Health Care Administration, and the Northern and Southern regional offices.	IDG	298,400	0	0
	Federal	1,143,900	0	0
	Restricted	508,100	0	0
	GF/GP	\$65,163,200	(\$3,000,000)	\$0
9. Michigan Prisoner Re-entry Initiative	Gross	\$54,744,700	\$1,540,400	\$0
Increases funding for the Michigan Prisoner Re-entry Initiative by \$1.5 million over current funding levels. The program aims at providing support to assist prisoners in preparing and transitioning to re-enter the community following their release	Federal	1,035,000	0	0
	GF/GP	\$53,709,700	\$1,540,400	\$0

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Major Budget Changes From FY 2010-11 YTD Appropriations		FY 2010-11 YTD (as of 2/17/11)	FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13
10. Prison Food Service Privatization and Efficiencies	FTE	414.0	0.0	(402.0)
Concurs with Executive in reducing food service funding 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. 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)
11. 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
12. Elimination of Lieutenant Positions	FTE	10,869.9	(81.0)	0.0
Concurs with Executive proposal to eliminate 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
13. 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
14. New Custody Staff Training	Gross	\$3,623,800	(\$2,500,000)	\$0
Reduces funding for New Custody Staff Training by \$2.5 million GF/GP. Increased funding should allow for the training of around 60 new corrections officers during FY 2011-12. The MDOC indicates normal attrition for corrections officers varies from 600-800 officers per year. However, prison closures would offset some of the need for newly trained officers. Executive had proposed a \$3.5 million increase for this purpose.	GF/GP	\$3,623,800	(\$2,500,000)	\$0
15. Health Care - Clinical Complexes	Gross	\$159,702,200	(\$2,000,000)	\$0
Reduces health care funding to regional clinical complexes by \$2.0 million in anticipation of additional prisoner health care savings, including pharmaceutical costs.	Restricted	349,000	0	0
	GF/GP	\$159,353,200	(\$2,000,000)	\$0
16. 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

House Subcommittee Changes

Major Budget Changes From FY 2010-11 YTD Appropriations		FY 2010-11 YTD (as of 2/17/11)	FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13
17. Prison Facilities - Supply Chain Savings	Gross	\$1,096,308,300	(\$9,750,000)	\$0
Assumes \$9.8 million in additional savings spread across all correctional facilities related to supply chain transformation efforts. Executive recommendation included \$6.8 million in these savings.	Federal	1,481,400	0	0
	Restricted	32,155,800	0	0
	GF/GP	\$1,062,671,100	(\$9,750,000)	\$0
18. Retention of Public Works Programs	Gross	N/A	\$10,000,000	0.0
Retains public works programs at MDOC facilities, but provides in boilerplate that the full costs of all public works programming are to be borne by the public or private entity that benefits from these services. Adds \$10.0 million in appropriations from public works user fees to cover the program. Executive budget had eliminated public works funding at all facilities with the exception of the Special Alternative Incarceration Program.	Restricted	N/A	10,000,000	\$0
	GF/GP	N/A	\$0	\$0
19. Parole/Probation and Tether Fee Revenue Shortfall	Gross	\$178,661,200	\$0	\$0
Concurs with Executive in shifting \$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
20. Recognize Closure of Muskegon Correctional Facility	FTE	238.0	(238.0)	0.0
Recognizes the upcoming closure of the Muskegon Correctional Facility, which was being used to house prisoners under a contract with the State of Pennsylvania. In February, Pennsylvania informed Michigan that it was cancelling the contract as overcrowding conditions in the state had improved. The appropriation is financed with contract revenue from Pennsylvania, thus the closure will have no GF/GP impact.	Beds	1,320	(1,320)	0
	Gross	\$30,832,600	(\$30,832,600)	\$0
	Restricted	30,832,600	(30,832,600)	0
	GF/GP	\$0	\$0	\$0
21. Interdepartmental Grant to Corrections Ombudsman	Gross	\$250,000	\$0	\$0
Retains funding for an interdepartmental grant to the Legislative Corrections Ombudsman for oversight functions (\$250,000 GF/GP). The grant was eliminated in the Executive budget.	GF/GP	\$250,000	\$0	\$0
22. Other Budget Reductions and Transfers	Gross	\$3,602,200	(\$525,000)	\$0
House Chair includes other budget reductions to line items that have historically lapsed appropriation authority, including:	GF/GP	\$3,602,200	(\$525,000)	\$0
<ul style="list-style-type: none"> • \$175,000 GF/GP for unclassified salaries • \$50,000 GF/GP for public education on community corrections • \$300,000 GF/GP for felony drunk driver jail reduction program 				
23. FY 2012-13 Spending Adjustment	Gross	N/A	\$0	\$30,000,000
Concurs with Executive in providing 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
24. 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 as proposed in Executive budget. For FY 2011-12, the increase is related to employee and retiree insurance, retirement costs, building occupancy charges, worker's compensation, food and fuel. 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.	IDG	N/A	28,400	4,000
	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

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. New language adds public works programs and services provided to local units of government to list of programs and deletes language placing restrictions on use of money collected from parolees and probationers for restitution. Also requires new reporting on fee collections.

Sec. 235. Corrections Expenditure Reductions – REVISED

Expresses intent that MDOC reduce expenditures by following specified Auditor General recommendations and by continuing the supply chain transformation process. New language references recent Auditor General findings on MDOC pharmaceutical costs.

Sec. 237. Department Procurement Processes – NEW

Requires MDOC to abide by statute and administrative rules regarding procurement requests and to communicate with the Department of Technology, Management, and Budget to ensure proper use of delegated purchasing authority. Requires reporting if requests for proposals are delayed due to improper use of purchasing authority.

Sec. 238. Repurposing of Closed Correctional Facilities – NEW

Expresses intent that MDOC make additional efforts to sell, rent, or otherwise repurpose closed correctional facilities.

Sec. 406. Prisoner Re-entry Pilot Program with Faith-Based Organization – NEW

Conditions the expenditure of appropriations reinvested from Crane closure on the establishment of a pilot program of at least \$2.0 million to contract with faith-based non-profit agencies with established prisoner re-entry programs. Requires reporting comparing outcomes of faith-based pilot services with other MPRI services.

Sec. 410. Residential Services Per Diem Rates – REVISED

Revises language in section 410(3) to eliminate the \$48.50 per diem for residential services providers that achieve accreditation. New language provides a \$47.50 per diem for all providers.

Sec. 414. County Jail Reimbursement Program – REVISED

Revises the funding structure, eligibility standards, and reimbursement levels for the County Jail Reimbursement Program. While the total appropriation is maintained at \$16.5 million: Three separate appropriations are provided for each class of offender based on their sentencing guideline scores. Eligibility standards are consistent with the standards in place during FY 2009-10 which removed eligibility for offenders convicted of non-person class F crimes. Per diem reimbursement rates are \$40 for offenders with Group 2 straddle cell guideline scores, \$55 for those with Group 1 straddle cell guideline scores, and \$65 for those with presumptive prison guideline scores. Under current law, counties were given the choice between the eligibility/reimbursement standards in place during FY 2009-2010 (with \$35/\$50/\$60 tiered per diem reimbursement) and the eligibility/reimbursement standards in place in previous years which paid a flat \$43.50 per diem without regard to guideline score.

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

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. House Chair's language makes revisions to clarify the intent of the language and references a new appropriation line item for the program.

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

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. House Chair adds faith-based organizations to the list of participants.

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. 906. Public Works Programs – REVISED

Modifies current law to require fee rates paid by public works beneficiaries be sufficient to cover the entire costs of services provided. Adds provision encouraging public works program continuation but not at the expense of prisoner programming.

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 and 929. Youthful Offenders and Prisoners with Mental Illness – REVISED

Sections guide the treatment of offenders with special. House Chair's proposal modifies requirement that those in therapeutic seclusion be evaluated by a mental health professional "every 12 hours" to a "every 24 hours". Executive language had required evaluation in manner consistent with the Mental Health Code.

Sec. 935. Priorities for Prison Facility Closures – NEW

Establishes legislative intent that the department fully consider the potential economic impact on communities when making a determination of a facility closure. Makes minimizing local economic impact a high priority in the decision process.

Major Boilerplate Changes From FY 2010-11

Sec. 936. Cost-Effective Housing Initiative – NEW

Appropriates \$47.9 million for use in housing prisoners in the most cost-effective manner possible, including exploring the use of public-private partnerships, the use of privately-owned facilities, and the use of recently closed facilities. Assumes offsetting savings of \$57.5 million within general prison operation costs as a result of the shift to more cost-effective approaches.