

**Summary: Executive Budget Recommendation
for Fiscal Years 2012-13 and 2013-14
DEPARTMENT OF CORRECTIONS**



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	FY 2011-12 Year-to-Date as of 2/9/12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
			Amount	%		Amount	%
IDG/IDT	974,700	992,100	17,400	1.7	1,002,600	10,500	1.0
Federal	8,259,500	8,784,400	524,900	6.3	8,931,900	147,500	1.6
Local	455,800	264,300	(191,500)	(42.0)	267,800	3,500	1.3
Private	0	0	0	--	0	0	--
Restricted	53,870,300	72,271,500	18,401,200	34.1	63,838,000	(8,433,500)	(11.6)
GF/GP	1,950,939,100	1,982,185,600	31,246,500	1.6	2,011,206,500	29,020,900	1.4
Gross	2,014,499,400	2,064,497,900	49,998,500	2.4	2,085,246,800	20,748,900	1.0
FTEs	15,568.8	14,879.2	689.6	(4.4)	14,879.2	0.0	--

Notes: (1) FY 2011-12 year-to-date figures include mid-year budget adjustments through February 9, 2012, as well as anticipated 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 boilerplate appropriations designated as "one-time." (3) FY 2013-14 figures are projected budget amounts only and would not be legally-binding appropriations. (4) 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 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.

Executive Changes

Major Budget Changes From FY 2011-12 YTD Appropriations	FY 2011-12 YTD (as of 2/9/12)	FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
1. Reverse FY 2012 Budgeted Prison Operations Savings	Beds 1,750	(1,750)	0
Removes \$31.3 million in net 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. This includes the elimination of a \$47.9 million Cost Effective Housing Initiative appropriation to support payments to a third-party contractor as well as offsetting savings of \$79.2 million in the Inmate Housing Fund line item. Alternative prison operation savings are proposed by the Executive to partially offset this adjustment (see items 2 through 5 below).	Gross (\$31,326,500)	\$31,326,500	\$0
	GF/GP (\$31,326,500)	\$31,326,500	\$0
2. Prison Savings - Alert Response Vehicle Assignments	FTE 10,240.9	(114.4)	0.0
Reduces 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)	\$0
	Federal 1,615,900	0	0
	Restricted 377,000	0	0
	GF/GP \$1,095,534,700	(\$13,200,000)	\$0

Executive Changes

Major Budget Changes From FY 2011-12 YTD Appropriations	FY 2011-12 YTD (as of 2/9/12)	FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
3. Prison Savings - Direct Prisoner Observation Duties	Gross \$1,097,527,600	(\$2,200,000)	\$0
Reflects 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 are used for direct observation.	Federal 1,615,900	0	0
	Restricted 377,000	0	0
	GF/GP \$1,095,534,700	(\$2,200,000)	\$0
4. Prison Savings - Staffing Reductions	FTE 10,240.9	(32.8)	0.0
Eliminates 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)	\$0
	Federal 1,615,900	0	0
	Restricted 377,000	0	0
	GF/GP \$1,095,534,700	(\$2,400,000)	\$0
5. Prison Savings - Issuance of Prisoner Clothing	Gross \$1,097,527,600	(\$1,100,000)	\$0
Reduces 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	0
	Restricted 377,000	0	0
	GF/GP \$1,095,534,700	(\$1,100,000)	\$0
6. Closure of Mound Correctional Facility	FTE 324.4	(324.4)	0.0
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. Executive Budget proposal includes \$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)	0
	Gross \$34,106,300	(\$34,106,300)	\$0
	GF/GP \$34,106,300	(\$34,106,300)	0
7. Increased Bed and Staffing Costs from Recent Closures	Beds 44,167	558	0.0
Includes \$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.	Gross \$1,097,527,600	\$6,976,000	\$0
	Federal 1,615,900	0	0
	Restricted 377,000	0	0
	GF/GP \$1,095,534,700	\$6,976,000	\$0
8. Prisoner Phone Revenue – Special Equipment & Maintenance	Gross \$0	\$4,300,000	\$0
Appropriates \$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). Executive proposes to use \$5.3 million for special security equipment such as tasers, ballistic vests, and contraband detection equipment. A combination of SEF revenue as well as reductions to normal equipment and maintenance spending will result in \$1.5 million GF/GP savings.	Restricted 0	5,800,000	0
	GF/GP \$0	(\$1,500,000)	\$0

Executive Changes

Major Budget Changes From FY 2011-12 YTD Appropriations	FY 2011-12 YTD (as of 2/9/12)	FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
9. Prisoner Phone Revenue – Capital Outlay			
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 will support the installation of new security cameras within two cell blocks at the Michigan Reformatory. For FY 2013-14, \$5.0 million remains in the budget for further personal protection equipment replacement.	Gross	\$0	\$13,882,000
	Restricted	0	(8,882,000)
	GF/GP	\$0	\$0
10. Contingency Plan – Field Operations Staff Reduction			
Includes \$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)
11. Contingency Plan – Competitive Bidding of Health Care Services			
Reduces 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 10 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)
12. Contingency Plan – Competitive Bidding of Mental Health Services			
Reduces 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 10 above).	FTE	546.0	0.0
	Gross	\$57,821,200	(\$2,500,000)
	GF/GP	\$57,821,200	(\$2,500,000)
13. Contingency Plan – Competitive Bidding of Woodland Center Correctional Facility			
Reduces 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 10 above).	FTE	272.2	0.0
	Gross	\$27,348,800	(\$1,304,200)
	Restricted	377,000	0
	GF/GP	\$26,971,800	(\$1,304,200)
14. Public Safety Initiative			
Adds \$4.5 million GF/GP to implement the Governor's announced public safety initiative related to local corrections. Funding would assist distressed communities in purchasing jail bed space in neighboring counties to address backlogs of active warrants in the community. Further details on the initiative are expected in the Governor's upcoming message to the Legislature on public safety.	Gross	\$0	\$4,500,000
	GF/GP	\$0	\$4,500,000

Executive Changes

Major Budget Changes From FY 2011-12 YTD Appropriations	FY 2011-12 YTD (as of 2/9/12)	FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
15. New Custody Staff Training 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. 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 GF/GP \$4,304,200	\$4,531,500 \$4,531,500	\$0 \$0
16. Post-Closure Maintenance Costs Adds \$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 GF/GP \$0	\$3,500,000 \$3,500,000	\$0 \$0
17. Neal Settlement Agreement Increases budget by \$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 a final payment in FY 2014-15.	Gross \$15,000,000 GF/GP \$15,000,000	\$5,000,000 \$5,000,000	\$0 \$0
18. Information Technology Maintenance and Development Adds \$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 Restricted 805,900 GF/GP \$21,576,900	\$2,445,500 0 \$2,445,500	\$0 0 \$0
19. Other Budget Reductions Reduces 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 GF/GP N/A	(\$4,815,800) (\$4,815,800)	\$0 \$0
20. Revisions of FY 2011-12 Budgeted Savings 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. Executive budget revises these savings assumptions, adding back \$5.5 million GF/GP to the budget.	Gross N/A GF/GP N/A	\$5,500,000 \$5,500,000	\$0 \$0
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	
21. One-Time Funding – Computer Document Imaging Includes one-time funding of \$1.1 million for computerized document imaging equipment and the utilization of DTMB's File Net system for the digitization of prisoner files.	Gross \$0 GF/GP \$0	\$1,129,500 \$1,129,500	(\$1,129,500) (\$1,129,500)

Executive Changes

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>	<u>FY 2011-12 YTD (as of 2/9/12)</u>	<u>FY 2011-12 to FY 2012-13</u>	<u>FY 2012-13 to FY 2013-14</u>
22. Economic Adjustments	Gross	N/A	\$44,422,500
Includes \$50.5 million Gross (\$49.2 million GF/GP) for FY 2012-13 to account for various economic adjustments related to personnel, building occupancy, food and fuel costs including:	IDG	N/A	14,400
	Federal	N/A	230,900
	Local	N/A	4,800
<ul style="list-style-type: none"> • \$11.4 million Gross (\$11.1 million GF/GP) for negotiated salary and wage increases • \$13.2 million Gross (\$12.9 million GF/GP) for negotiated one-time lump sum payments to state employees • \$32.7 million Gross (\$31.8 million GF/GP) to cover increases in contributions for retirement and retiree insurance coverage • Savings of \$9.9 million Gross (\$9.7 million GF/GP) in employee insurance costs related primarily to increased employee health insurance contributions • \$2.3 million GF/GP to cover increased worker's compensation costs 	Restricted GF/GP	N/A N/A	712,000 \$43,460,400

Another \$44.4 million (\$43.5 million GF/GP) is appropriated for FY 2013-14 for these purposes.

Major Boilerplate Changes From FY 2011-12

NOTE: No boilerplate language proposed specific to FY 2013-14.

Executive Boilerplate Deletions

In general, the Executive deletes a large majority of boilerplate language included in the FY 2011-12 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. 216. Special Equipment Fund – NEW

Establishes 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.

Sec. 219. Prisoner Telephone Calls – DELETED

Requires prisoner telephone service contracts to contain a condition that prisoner telephone fees be the same as those applying outside of institutions, except for surcharges needed to meet special equipment costs.

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. 301. Capital Outlay Appropriations – NEW

Provides guidance for the Capital Outlay appropriations discussed in

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.

Sec. 401. One-Time Appropriations – NEW

Appropriates \$1.1 million GF/GP for information technology services and projects and another \$13.2 million Gross (\$12.9 million GF/GP) for negotiated state employee lump-sum payments. For further discussion, see Major Budget Changes, items 21 and 22.

Sec. 403. MPRI Reporting – DELETED

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

Sec. 406. MPRI Pilot Program for Faith-Based Non-Profit Agencies – DELETED

Allocates \$2.0 million for pilot program utilizing faith-based non-profit agencies in prisoner reintegration efforts; requires report on results of pilot program.

Major Boilerplate Changes From FY 2011-12

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. 415. Creation of MPRI Database – DELETED

Requires Department to create database for use by both Department and Michigan Prisoner Re-entry Initiative (MPRI) service providers in real-time and to issue guidance on the database to service providers.

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 and report on a plan to implement necessary process and policy changes.

Sec. 419. Offender Data Reports – DELETED

Requires regular electronic mail reports on offender populations by location, facility capacities, prison intake and returns, and parole board activity.

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. 813. Monitoring of Drug Utilization for Prisoner Health Care – DELETED

Requires MDOC to monitor and document drug utilization for prisoner health care service and examine drug utilization patterns and cost-cutting strategies used by corrections systems in other states; requires report to Legislature on other states' efforts.

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 revises 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. 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. 937. Cost-Effective Housing Initiative – DELETED

Provides guidance on utilization of Cost-Effective Housing Initiative appropriation; funding to be used for public-private partnerships, privately-owned facilities, or use of state facilities by third-party contractors to achieve budgeted savings.

Sec. 939. Competitive Bidding for Special Alternative Incarceration Facility – DELETED

Requires competitive bidding for the privatization of the special alternative incarceration facility at Camp Cassidy Lake.

Supplemental Recommendations for FY 2011-12 Appropriations

1. Public Safety Initiative

Supplemental funding for FY 2011-12 to implement the Governor's announced public safety initiative related to local corrections. See Major Budget Changes – item 14 for discussion of proposal. Further details on the initiative are expected in the Governor's upcoming message to the Legislature on public safety.

	FY 2011-12 Recommendation
Gross	\$3,000,000
GF/GP	\$3,000,000

2. Camp Brighton Site Redevelopment

Supports the cleanup of the site of the former Camp Brighton correctional camp in Livingston County.

Gross	\$400,000
GF/GP	\$400,000