

DEPARTMENT OF CORRECTIONS: FYs 2011-12
Summary: Conference Report
Senate Bill 173 CR-1



Analysts: Bob Schneider

	FY 2010-11 YTD as of 2/17/11	FY 2011-12 Executive	FY 2011-12 House	FY 2011-12 Senate	FY 2011-12 Conference	Difference: Conference From FY 2010-11 YTD	
						Amount	%
IDG/IDT	\$915,400	\$943,800	\$943,800	\$943,800	\$943,800	\$28,400	3.1
Federal	7,868,500	7,995,100	7,995,100	7,995,100	7,995,100	126,600	1.6
Local	443,100	447,300	447,300	447,300	447,300	4,200	0.9
Private	0	0	0	0	0	0	0.0
Restricted	80,327,100	73,184,000	52,351,400	42,351,400	52,351,400	(27,975,700)	(34.8)
GF/GP	\$1,917,879,500	\$1,929,836,200	\$1,874,836,200	\$1,854,511,700	\$1,874,836,200	(\$43,043,300)	(2.2)
Gross	\$2,007,433,600	\$2,012,406,400	\$1,936,573,800	\$1,906,249,300	\$1,936,573,800	(\$70,859,800)	(3.5)
FTEs	15,877.5	15,656.8	15,529.3	15,453.3	15,568.8	(308.7)	(1.9)

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011.

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

1. Closure of Crane Correctional Facility

Conference, House, and Senate provide for the closure of the Crane Correctional Facility. 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. Conference does not include the House proposal to close the Mound Correctional Facility.

	FY 2010-11 YTD (as of 2/17/11)	Conf Change from YTD
FTE	10,869.9	(229.0)
Beds	44,181	(1,056)
Gross	\$1,096,308,300	(\$26,090,700)
Federal	1,481,400	0
Restricted	32,155,800	0
GF/GP	\$1,062,671,100	(\$26,090,700)

2. Reinvestment of Crane Closure Savings

Conference concurs with Executive and House 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 Conference and House proposal is \$5.6 million, slightly below the \$7.2 million recommended by the Executive.

	FY 2010-11 YTD (as of 2/17/11)	Conf Change from YTD
FTE	10,869.9	32.0
Beds	44,181	0
Gross	\$1,096,308,300	\$5,600,700
Federal	1,481,400	0
Restricted	32,155,800	0
GF/GP	\$1,062,671,100	\$5,600,700

3. Cost-Effective Housing Initiative

Conference concurs with House in including \$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 use of existing state facilities under third-party contracts. The action assumes a transfer of 1,750 beds from current prison facilities to cost effective housing under one or more of these arrangements. The direct appropriation is offset by a negative appropriation in the Inmate Housing Fund line item to reflect anticipated savings (see item 4 below).

	FY 2010-11 YTD (as of 2/17/11)	Conf Change from YTD
Gross	N/A	\$47,906,300
GF/GP	N/A	\$47,906,300

Major Budget Changes From FY 2010-11 YTD Appropriations	FY 2010-11 YTD (as of 2/17/11)	Conf Change from YTD
4. Inmate Housing Fund: CEHI Savings and Prison Operation Efficiencies	FTE 10,869.9	0.0
<u>Conference</u> includes a negative appropriation of \$79.2 million in the Inmate Housing Fund item, representing general prison operation net savings of \$31.3 million anticipated from the Cost Effective Housing Initiative (CEHI) as well as additional prison operating reductions. Cost reductions under the CEHI would depend upon the security level of prisoner transferred under the initiative as well as the result of competitive bidding. The <u>House</u> budget included \$57.5 million in gross savings which assumed the transfer of 1,750 beds with an average per diem cost of \$90.	Beds 44,181	0
	Gross \$1,096,308,300	(\$79,232,800)
	Federal 1,481,400	0
	Restricted 32,155,800	0
	GF/GP \$1,062,671,100	(\$79,232,800)
Remaining <u>Conference</u> savings not met through the CEHI would come from other cost reduction efforts. In terms of general prison operation reductions, <u>House</u> reduced appropriations for prison facilities and regional offices by 1.5% from Executive recommended levels for \$16.2 million in savings. <u>House</u> and <u>Senate</u> both included additional savings from supply chain transformation efforts and from additional paroles from reducing the backlog of prisoners who had not completed needed programming.		
5. Programming for Parole-Eligible Prisoners	Gross \$159,702,200	\$1,581,300
<u>Conference</u> concurs with <u>House</u> in adding \$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 certain prisoners 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. <u>Conference</u> does not include specific offsetting savings. <u>House</u> assumed offsetting savings of \$5.5 million with program completion and parole for additional prisoners. <u>Senate</u> included \$15.0 million in savings from additional paroles.	Restricted 349,000	0
	GF/GP \$159,353,200	\$1,581,300
6. Leased Beds: County Contracts to House Prisoners	Gross N/A	(\$3,500,000)
<u>Conference</u> adds \$10.0 million to the Leased Beds and Alternatives to Leased Beds line item to support contracts with counties to utilize available county jail bed space to house state prisoners. The initiative is linked to \$13.5 million in savings spread across the appropriations for the various state correctional facilities, creating net savings of \$3.5 million.	GF/GP N/A	(\$3,500,000)
7. Prisoner Education Programs	Gross \$30,173,100	(\$3,589,800)
<u>Conference</u> reduces funding for prisoner education programs by \$3.6 million. <u>Senate</u> had assumed \$10.0 million in savings in this area.	GF/GP \$30,173,100	(\$3,589,800)
8. Mental Health Services and Support	Gross \$58,365,600	(\$5,000,000)
<u>Conference</u> includes \$5.0 million in savings related to the consolidation of the Corrections Mental Health Program into the Department of Corrections and further competitive bidding of services provided under the program. <u>Senate</u> had assumed \$10.0 million in savings in this area.	GF/GP \$58,365,600	(\$5,000,000)
9. Privatization of Special Alternative Incarceration Facility	Gross \$10,965,800	(\$1,000,000)
<u>Conference</u> , <u>Senate</u> , and <u>House</u> all assume \$1.0 million in savings resulting from the privatization of the Special Alternative Incarceration facility at Camp Cassidy Lake.	IDG 350,800	0
	GF/GP \$10,615,000	(\$1,000,000)
10. Central Office Operating Reduction	Gross \$63,575,800	(\$6,000,000)
<u>Conference</u> concurs with <u>Senate</u> in reducing funding for various central office functions by \$6.0 million. This includes appropriations for Lansing-based central office staff in the Executive Bureau, Operations Support Administration, Correctional Facilities Administration, and the Northern and Southern regional offices.	IDG 298,400	0
	Federal 1,143,900	0
	Restricted 508,100	0
	GF/GP \$61,625,400	(\$6,000,000)
11. Michigan Prisoner Re-entry Initiative	Gross \$54,744,700	\$200,000
<u>House</u> increases funding for the Michigan Prisoner Re-entry Initiative by \$200,000 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. Of the increase, \$100,000 is earmarked for designated recycling programs that employ parolees (see section 426 of boilerplate), while the remaining \$100,000 provides a general increase for the initiative.	Federal 1,035,000	0
	GF/GP \$53,709,700	\$200,000

Major Budget Changes From FY 2010-11 YTD Appropriations		FY 2010-11 YTD (as of 2/17/11)	Conf Change from YTD
12. Prison Food Service Privatization and Efficiencies			
<u>Conference</u> concurs with <u>Executive</u> 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.	FTE	414.0	0.0
	Gross	\$67,632,700	(\$9,500,000)
	IDG	617,000	0
	GF/GP	\$67,015,700	(\$9,500,000)
13. Competitive Bidding of Prisoner Store Operations			
<u>Conference</u> and <u>Executive</u> include 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.	FTE	110.0	(35.0)
	Gross	\$7,520,000	(\$6,252,500)
	Restricted	5,070,000	(3,802,500)
	GF/GP	\$2,450,000	(\$2,450,000)
14. Elimination of Lieutenant Positions			
<u>Conference</u> concurs with <u>Executive</u> 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.	FTE	10,869.9	(81.0)
	Gross	\$1,096,308,300	(\$8,491,800)
	Federal	1,481,400	0
	Restricted	32,155,800	0
	GF/GP	\$1,062,671,100	(\$8,491,800)
15. Neal Settlement Agreement			
<u>Conference</u> concurs with <u>Executive</u> in providing increase of \$5.0 million GF/GP for FY 2011-12 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.	Gross	\$10,000,000	\$5,000,000
	GF/GP	\$10,000,000	\$5,000,000
16. New Custody Staff Training			
<u>Conference</u> increases funding for New Custody Staff Training by \$500,000 GF/GP. Increased funding should allow for the training of around 230 new corrections officers during FY 2011-12. The MDOC indicates normal attrition for corrections officers varies from 600-800 officers per year. However, recent prison closures would offset some of the need for newly trained officers. <u>Executive</u> had proposed a \$3.5 million increase for this purpose, while the <u>House</u> reduced funding by \$2.5 million and the <u>Senate</u> provided a \$2.5 million increase.	Gross	\$3,623,800	\$500,000
	GF/GP	\$3,623,800	\$500,000
17. Health Care - Clinical Complexes			
<u>Conference</u> and <u>House</u> reduce health care funding to regional clinical complexes by \$2.0 million in anticipation of additional prisoner health care savings, including pharmaceutical costs.	Gross	\$159,702,200	(\$2,000,000)
	Restricted	349,000	0
	GF/GP	\$159,353,200	(\$2,000,000)
18. Early Retirement Incentive Savings			
<u>Conference</u> concurs with <u>Executive</u> removal of 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.	FTE	N/A	(103.0)
	Gross	N/A	(\$8,821,900)
	GF/GP	N/A	(\$8,821,900)
19. Prison Facilities - Supply Chain Savings			
Concurs with <u>Executive</u> recommendation in assuming \$6.8 million in 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. <u>House</u> assumed \$9.8 million in additional savings spread across all correctional facilities related to supply chain transformation efforts, while <u>Senate</u> included \$16.8 million in savings.	Gross	\$1,096,308,300	(\$6,750,000)
	Federal	1,481,400	0
	Restricted	32,155,800	0
	GF/GP	\$1,062,671,100	(\$6,750,000)

Major Budget Changes From FY 2010-11 YTD Appropriations		FY 2010-11 YTD (as of 2/17/11)	Conf Change from YTD
20. Retention of Public Works Programs	Gross	N/A	\$10,000,000
<u>Conference</u> concurs with <u>House</u> in retaining 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. <u>Executive</u> had eliminated public works funding at all facilities with the exception of the Special Alternative Incarceration Program.	Restricted	N/A	10,000,000
	GF/GP	N/A	\$0
21. Recognize Closure of Muskegon Correctional Facility	FTE	238.0	(238.0)
<u>Conference</u> agrees with <u>Senate</u> and <u>House</u> by recognizing 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)
	Gross	\$30,832,600	(\$30,832,600)
	Restricted	30,832,600	(30,832,600)
	GF/GP	\$0	\$0
22. Interdepartmental Grant to Corrections Ombudsman	Gross	\$250,000	\$0
Concurs with <u>House</u> in retaining funding for an interdepartmental grant to the Legislative Corrections Ombudsman for oversight functions (\$250,000 GF/GP). <u>Executive</u> and <u>Senate</u> eliminated grant.	GF/GP	\$250,000	\$0
23. Other Budget Reductions and Transfers	Gross	\$3,602,200	(\$525,000)
<u>Conference</u> includes other budget reductions to line items that have historically lapsed appropriation authority, including:	GF/GP	\$3,602,200	(\$525,000)
<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 			
24. Economic Adjustments	Gross	N/A	\$58,312,200
<u>Conference</u> includes \$58.3 million gross (\$56.2 million GF/GP) to cover economic increases as proposed in Executive budget. The increase is related to employee and retiree insurance, retirement costs, building occupancy charges, worker's compensation, food and fuel. Budget does not include an increase for salaries and wages.	IDG	N/A	28,400
	Federal	N/A	126,600
	Local	N/A	4,200
	Restricted	N/A	1,919,700
	GF/GP	N/A	\$56,233,300

Major Boilerplate Changes From FY 2010-11

Sec. 207 and 207a. Privatization Project Plan and Cost-Benefit Analysis – DELETED

Deletes current law requiring the submission of a privatization project plan to the Legislature at least 90 days before beginning a privatization effort (section 207) and the submission of a preprivatization cost-benefit analysis (section 207a). Retains current law which requires that state employees be given the opportunity to bid on such contracts.

Sec. 214. Information Technology Services and Projects – REVISED

Establishes legislative intent that MDOC consider using third-party software and information technologies before contracting with the Department of Technology, Management, and Budget for these services.

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 Conference language concurs with Senate in adding assaultive offender and sex offender programming and education to the list of services to be addressed by supply chain transformation efforts.

Sec. 236. Repurposing of Closed Correctional Facilities – NEW

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

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. 239. MDOC Management-to-Staff Ratios – NEW

Expresses intent that MDOC maintain management-to-staff ratio of one supervisor for each five employees at the Department's Lansing central office and at the Northern and Southern Region administration offices.

Major Boilerplate Changes From FY 2010-11

Sec. 240. Improper Payment Recovery Audits – NEW

Requires Department to solicit and evaluate proposals for services related to the audit of vendor and contract payments and the recovery of improper payments. Requires report on the solicitation and results of subsequent recovery audits.

Sec. 403. Michigan Prisoner Re-entry Initiative (MPRI) Expenditures and Allocations – REVISED

Revises current law to require MDOC to provide 60 days notice before making changes to allocations or planned expenditures.

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. 408. Measurement of Recidivism – REVISED

Adds new language requiring that any time spent in a county jail or otherwise incarcerated shall be included in recidivism rates.

Sec. 414. County Jail Reimbursement Program – REVISED

Eliminates the choice provided to counties between the eligibility/reimbursement standards in place during FY 2009-2010 (with \$35/\$50/\$60 tiered per diem) and the eligibility/reimbursement standards in place in previous years with a flat \$43.50 per diem without regard to guideline score. Instead, reimbursement will be based on the three-tiered structure. Also eliminates requirement for a reimbursement committee to review the status of reimbursement claims and appropriation levels. Finally, new language provides \$500,000 to reimburse counties for housing probation violators under a swift-and-sure sanction pilot program. Does not concur with House in creating separate appropriations for each sentencing guideline offender tier.

Sec. 415. MPRI Real-Time Database – NEW

Requires MDOC to create a real-time database for use by Department and MPRI service providers and that the Department publish financial guidelines for administration of the program.

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

Allocates \$600,000 to non-profit agencies with established public utility asset recovery recycling programs, and requires hiring at least 45% returning citizens through the funded program. 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. Conference adds faith-based organizations to the list of participants.

Sec. 505. Mental Health Awareness Training – REVISED

Eliminates current law requirement that all staff having direct contact with prisoners and employed within correctional facilities attend at least one mental health awareness training session. Current law language regarding custody staff training is maintained.

Sec. 507. Swift-and-Sure Sanctions Pilot – NEW

New language appropriates \$1.0 million as grant to Judiciary to establish a pilot program for the use of swift-and-sure jail sanctions as a response to certain probation violators.

Sec. 810. DNA Identification Profiling – NEW

Provides that MDOC ensure each prisoner serving in a correctional facility and probationers placed at the Special Alternative Incarceration Program provide a sample for DNA identification profiling.

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

Establishes legislative intent that MDOC maintain or expand existing public works programming. However, makes the local unit of government or private organization responsible for financing the entire cost of public works agreements.

Sec. 919. Food Service Contract – DELETED

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

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.

Sec. 936. Energy Utilization Assessments – NEW

Requires Department to contract with third-party providers to complete energy utilization assessments at each state correctional facility in order to implement energy-saving initiatives.

Major Boilerplate Changes From FY 2010-11

Sec. 937. Cost-Effective Housing Initiative – NEW

Guides use of funding aimed at 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 state facilities under third-party contracts. Assumes offsetting savings within general prison operation costs as a result of the shift to more cost-effective approaches.

Sec. 938. Food Service Contractors and Locally-Grown Food – NEW

Provides that food service contractors should be encouraged to provide services using fresh food that is locally grown.

Sec. 939. Privatization of Special Alternative Incarceration Facility – NEW

Requires MDOC to release request for proposal seeking bids for privatization of SAI facility by January 1.

Sec. 940. Prison Drug Testing Services – NEW

Requires MDOC to enter into a contract with a Michigan-based company that provides laboratory oral fluid drug testing.

Sec. 941. Public Works Programs to St. Louis Center– NEW

Requires Department to ensure that any contract with a party to operate the SAI facility include a provision to require the public works program services continue to be provided to the St. Louis Center at rates consistent with those in place on May 1, 2011.

Sec. 942. Corrections Ombudsman and Auditor General Access Prisons Operated Under Contract – NEW

Requires MDOC to ensure that any contract with a party to operate a facility to house state prisoners include a provision to allow access by both the Office of the Auditor General and Office of Legislative Corrections Ombudsman to the facility and to appropriate records and documents related to its operations.