

**Summary: Executive Budget Recommendation
for Fiscal Years 2014-15 and 2015-16
DEPARTMENT OF CORRECTIONS**



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	FY 2013-14 Year-to-Date as of 2/5/14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16 Executive	Difference: FY 2015-16 Vs. FY 2014-15	
			Amount	%		Amount	%
IDG/IDT	\$1,109,600	\$225,000	(\$884,600)	(79.7)	\$225,000	\$0	0.0
Federal	8,852,500	5,081,000	(3,771,500)	(42.6)	5,081,000	0	0.0
Local	8,392,800	8,547,700	154,900	1.8	8,547,700	0	0.0
Private	0	0	0	--	0	0	--
Restricted	56,026,100	45,869,600	(10,156,500)	(18.1)	45,869,600	0	0.0
GF/GP	1,958,053,600	1,990,198,400	32,144,800	1.6	1,963,712,500	(26,485,900)	(1.3)
Gross	\$2,032,434,600	\$2,049,921,700	\$17,487,100	0.9	\$2,023,435,800	(\$26,485,900)	(1.3)
FTEs	14,559.6	14,195.3	(364.3)	(2.5)	14,195.3	0.0	0.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations. (4) FY 2013-14 year-to-date figures include appropriation adjustments in 2013 PA 102, and 2013 PA 107 for Medicaid Reform/Healthy Michigan Plan effective March 14, 2014, but based on the waiver, implemented on April 1, 2014.

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, food service, transportation, 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, 2013, the department was responsible for 109,196 Michigan offenders: 43,704 prisoners, 47,528 probationers, and 17,964 parolees.

	FY 2013-14 YTD (as of 2/5/14)	Executive Changes	
		FY 2013-14 to FY 2014-15	FY 2014-15 to FY 2015-16
Major Budget Changes From FY 2013-14 YTD Appropriations			
1. Healthy Michigan Plan Savings	Gross	NA	\$5,131,400
Reflects a net positive adjustment related to implementation of the Healthy Michigan Plan under the Affordable Care Act. A three-quarter year savings of \$24.2 million GF/GP was built into the FY 2013-14 budget through Public Act 107 of 2013. It has since been determined that certain costs relative to treatment of sex offender and substance abuse disorders will not be eligible for Medicaid reimbursement, which requires a portion of the savings originally taken to be restored. Full-year savings in FY 2014-15 are estimated to be \$19.1 million GF/GP.	GF/GP	NA	\$5,131,400
2. Healthy Michigan Plan Administrative Costs	FTE	NA	6.0
Includes FTE authorization and funding to cover the administrative costs of implementing the Healthy Michigan Plan. Administrative costs are currently paid for from the DCH budget. The Department of Corrections will pay DHS via an IDG for staff who handle eligibility determination and enrollment (\$497,600), and will pay for MDOC staff who handle discharge planning (\$475,000) and oversight functions (\$107,100).	Gross	NA	\$1,079,700
	Federal	NA	248,800
	GF/GP	NA	\$830,900

Major Budget Changes From FY 2013-14 YTD Appropriations	Executive Changes		
	FY 2013-14 YTD (as of 2/5/14)	FY 2013-14 to FY 2014-15	FY 2014-15 to FY 2015-16
3. Food Service Legacy Costs Reflects a reduction as a result of privatizing food service operations and removing legacy payroll costs associated with former MDOC food service employees.	Gross NA GF/GP NA	(\$8,167,100) (\$8,167,100)	\$0 \$0
4. Neal Settlement Includes additional funding, to be added to the \$20.0 million appropriated in the base, to make the final year of Neal et. al. Settlement Agreement payments. (The \$20.0 million in FY 2013-14 is eliminated from on-going funding and the \$25.0 million in FY 2014-15 will be counted as one-time funding.)	Gross \$20,000,000 GF/GP \$20,000,000	\$5,000,000 \$5,000,000	(\$25,000,000) (\$25,000,000)
5. Hepatitis C Includes funding to implement the new treatment protocol for Hepatitis C that has been promulgated by the Centers for Disease Control and Prevention. Current treatment for the disease is long in duration, with many side effects, and is not guaranteed to cure the disease. The new treatment protocol is shorter in duration, has fewer side effects, and has shown a higher success rate.	Gross NA GF/GP NA	\$4,900,000 \$4,900,000	\$0 \$0
6. Prisoner Education Includes FTE authorization and funding for enhancement of prisoner education programs. Funding will be used to hire 5.0 trade instructors and 15.0 employment counselors. The trade instructors will work to provide critical job skills for prisoners who are reentering the community. The goal is to reduce the waiting list for vocational programming and improve employment opportunities. The employment counselors will work with employers to determine specific employment training desired for employees. They will work to implement specific curricula and training to meet local job requirements, and to connect trained offenders with employers prior to release from prison. Also, the counselors will work with local colleges to provide instruction inside the prisons to eligible prisoners. (\$1.0 million of the funding is one-time and \$3.3 million is on-going.)	FTE 244.0 Gross \$33,492,000 Federal 3,437,600 GF/GP \$30,054,400	20.0 \$4,295,300 0 \$4,295,300	0.0 (\$1,045,300) 0 (\$1,045,300)
7. Leased Beds Includes additional funding to pay counties for bed space at county jail facilities to be used to house convicted felons. Prisoners who are classified as Level I prisoners, who are not serving time for sex offenses, and who are serving flat sentences are eligible to be housed in county jail facilities at a lower cost to the department.	Gross \$1,000,000 GF/GP \$1,000,000	\$4,000,000 \$4,000,000	\$0 \$0
8. Mental Health Diversion – Local Jail Pilot Project Includes funding for MDOC's role in a multi-agency statewide mental health diversion program. Funding will be used by the department to contract with a local jail for a post-release transition project that will offer comprehensive in-reach and post-release mental health services to inmates who are returning to the community.	Gross NA GF/GP NA	\$1,000,000 \$1,000,000	\$0 \$0
9. Mobilize Parole and Probation Staff Includes funding to deploy and maintain devices such as smart phones, tablets, and laptops to mobilize parole and probation staff in Detroit, Pontiac, Saginaw, and Flint. This will allow 380 parole and probation agents and 53 supervisors to spend more time in the field with parolees and probationers. (\$440,600 of the funding is one-time and \$582,400 is on-going.)	Gross NA GF/GP NA	\$1,023,000 \$1,023,000	(\$440,600) (\$440,600)

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>	<u>Executive Changes</u>			
		<u>FY 2013-14 YTD (as of 2/5/14)</u>	<u>FY 2013-14 to FY 2014-15</u>	<u>FY 2014-15 to FY 2015-16</u>
10. Central Records Maintenance	Gross	\$5,506,700	\$600,000	\$0
Includes funding to cover costs associated with the conversion of the Corrections Management Information System (CMIS) to the Offender Management Network Information system (OMNI). CMIS holds information about all current and past prisoners and parolees. OMNI will replace CMIS and several other databases within the department, and will also include information about probationers who are supervised by the department.	GF/GP	\$5,506,700	\$600,000	\$0
11. Facility Maintenance	Gross	NA	\$500,000	\$0
Includes funding to cover costs of smaller maintenance projects needed at a number of facilities, such as patching of holes in parking lots, meeting ADA compliance, and installing energy efficient lighting.	GF/GP	NA	\$500,000	\$0
12. Prosecutorial and Detainer Expenses	Gross	\$4,551,000	\$449,000	\$0
Includes funding to cover increased prosecutorial and detainer expenses. As local budgets have been reduced, prosecutors have shifted the costs of prosecuting offenses which occur on MDOC property to the department. Also, local sheriffs charge the department for detaining offenders who have outstanding MDOC warrants.	GF/GP	\$4,551,000	\$449,000	\$0
13. Health Care Staff Training	FTE	NA	2.0	0.0
Includes FTE authorization and funding to enhance professional development and training for all Bureau of Health Care Services staff. A Registered Nurse will work to develop training curriculums and computer based training sessions, provide classroom staff training, develop a mentor program to be offered in each clinic, and assist in recruiting activities. A Human Resource Developer will work on grant writing, community partnerships, assisting with developing training materials, and assisting in recruiting activities.	Gross	NA	\$402,600	\$0
	GF/GP	NA	\$402,600	\$0
14. Economic Adjustments	Gross	NA	\$21,847,000	\$0
Includes funding for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, rent, building occupancy, and worker's compensation. Insurance costs are held flat due to recent revisions to the state employee health plan.	Federal	NA	37,900	0
	Local	NA	221,100	0
	Restricted	NA	375,800	0
	GF/GP	NA	\$21,212,200	\$0
15. Restricted Fund Adjustments	Gross	NA	(\$15,541,300)	\$0
Adjusts a number of IDG, federal, local, and state restricted fund sources within the budget in order to reflect the actual amount of revenue that is collected/awarded. There is no GF/GP impact resulting from these adjustments.	IDG	NA	(884,600)	0
	Federal	NA	(4,058,200)	0
	Local	NA	(66,200)	0
	Restricted	NA	(10,532,300)	\$0
16. Technical Adjustments	Gross	NA	\$0	\$0
Makes internal funding adjustments and transfers throughout the budget, which have no overall Gross or GF/GP impact. Adjustments are made in order to more accurately reflect where expenditures occur and to reflect reorganization within the department.	GF/GP	NA	\$0	\$0
17. Eliminate FTE Position Authorization	FTE	NA	(392.3)	0.0
Eliminates authorization for unfunded FTE positions to more accurately reflect department resources.	Gross	NA	\$0	\$0
	GF/GP	NA	\$0	\$0
18. Eliminate One-Time New Employee School Funding	Gross	\$9,032,500	(\$9,032,500)	\$0
Eliminates one-time funding that was included in the FY 2013-14 budget for a new employee school. Funding of \$9.0 million remains in the base appropriation for new custody staff training.	GF/GP	\$9,032,500	(\$9,032,500)	\$0

Major Boilerplate Changes From FY 2013-14

Executive Boilerplate Deletions

The Executive deletes the majority of boilerplate language included in the FY 2013-14 appropriations bill (52 sections and 2 subsections). Deletions include legislative reporting requirements, sections providing guidance and placing conditions on appropriations, earmarks of funding for specific purposes, sections which express legislative intent, and sections which served a one-time purpose and are no longer applicable. Following are current year sections and subsections of boilerplate recommended for deletion: 206, 207, 212, 214, 219, 238, 239, 245, 304, 305, 402, 405, 407, 410(1), 410(2), 411, 412, 413, 417, 418, 419, 420, 431, 434, 506, 601, 608, 611, 612, 615, 802, 804, 806, 807, 809, 814, 816, 904, 907, 910, 911, 912, 913, 916, 925, 937, 939, 940, 942, 947, 1009, 1011, 1201, and 1202. Below is a listing of new sections of language recommended by the Executive for the department.

Sec. 246. Legacy Costs – NEW

States that the total amount of funding estimated to be expended on legacy costs in FY 2014-15 is \$351.6 million. Of that, \$196.5 million is estimated to be expended on pension-related legacy costs, and \$155.1 million is estimated to be expended on health care-related legacy costs.

Sec. 421. Mental Health Diversion Council – NEW

Expresses intent that the appropriation for the Jail Mental Health Transition Pilot Program be used to address the recommendations of the Mental Health Diversion Council.

Supplemental Recommendations for FY 2013-14 Appropriations

**FY 2013-14
Recommendation**

1. Healthy Michigan Plan Savings Adjustment

Includes funding to restore Healthy Michigan Plan savings taken in the FY 2013-14 budget that will not be achieved. A three-quarter year savings of \$24.2 million GF/GP was built into the FY 2013-14 budget, but it has since been determined that certain costs relative to treatment of sex offender and substance abuse disorders will not be eligible for Medicaid reimbursement. As a result, a portion of the savings originally taken needs to be restored. The level of substance abuse and sex offender services required by the department and the Parole Board cannot be met through programs that are reimbursed through Medicaid.

Gross	\$6,601,100
GF/GP	\$6,601,100