

DATE: September 10, 2008
TO: Executive Committee
FROM: Brad Williams, Director Government Relations
SUBJECT: Reforms to Michigan's Corrections System

FOR ACTION at the September 17, 2008 Executive Committee Meeting

“The Detroit Regional Chamber supports structural reforms to Michigan’s budget that will result in both short and long term savings. Specifically, reforms focused on our Corrections system should address all cost drivers, including overhead, personnel, length of sentence and recidivism. All identified savings in Michigan’s budget must be connected to corresponding reductions in the Michigan Business Tax surcharge.”

BACKGROUND

As the Chamber looks for ways to reform state government and thus control spending and free up dollars for much needed tax relief, the budget for the Michigan Department of Corrections stands out as one that is ripe for reductions and reform. The Chamber Board of Directors has set an ambitious goal of reducing corrections spending in Michigan by \$500 million.

Corrections spending has grown 538% in the last 34 years, making Michigan one of only four states that spends more on corrections than it does on Higher Education. There has also been a dramatic increase in the number of inmates being housed in Michigan correctional facilities. In 2008, corrections spending in Michigan was \$2.08 billion, \$1.9 billion of which was spending from the General Fund. This represents 5.2% of all state expenditures and 20% of all General Fund appropriations in the state, an increase from 5% in 1983. Current projections anticipate spending to increase to over \$2.6 billion by 2012.

The states incarceration rate of 511 prisoners per 100,000 residents is 56 per 100,000 higher than the 50 state average and 120 per 100,000 higher than the Midwest average. In the 30 years after 1975, Michigan’s population increase 11.3%, the prison population at the same time increased 356% to now well over 50,000 inmates.

There is little question that any significant effort to reform Michigan’s General Fund budget needs to begin with the Michigan Department of Corrections. As such, I have broken down reforms into two major categories; “Right Sizing Michigan’s Prison Population,” and “Maximizing Return on Our Investment in Corrections.”

Right Sizing the Prison Population

Recommendation: Make the parole board a body of professional civil servants replacing the current board of political appointees. The new board should be charged with enforcing MDOC’s parole guidelines.

State	2006 Corrections as % of Total State Expenditures	2006 Incarceration Rate per 100k	2005 Cost per Inmate
Illinois	2.6	350	\$21,622
Indiana	3.1	411	\$21,531
Michigan	5.2	511	\$28,734
Minnesota	1.7	176	\$29,620
New Jersey	3.6	313	\$28,000
New York	2.7	326	\$42,202
Ohio	3.7	428	\$31,029
Pennsylvania	3.5	353	\$31,029
Wisconsin	3.3	393	\$28,932

Michigan’s high level of corrections expenditures and extraordinarily high incarceration rate can be explained in large part to our relatively longer average prison stay. The average Michigan prisoner spends roughly 14 months longer in prison than an average prisoner in the Great Lakes. The Citizens Research Council reports that if Michigan had adopted policies in 1990 that brought sentence length in line with our neighbor states; by 2005 the impact would have been \$400 million in annual savings with 14,000 fewer inmates and 4,700 fewer employees at the Department of Corrections.

Parole rates saw a dramatic decrease after 1992, when the Legislature made the Parole Board political appointees, where they had previously been part of the State Civil Service system. In 1988, 17% of all prisoners were serving beyond parole eligibility; in 2006 that number was 31%.

This new parole board should then be charged, with enforcing MDOC’s parole guidelines. The rate of releasing low risk offenders has steadily declined from 81% in 1996 to 53% in 2006. The threshold for classifying low-risk offenders has also been raised. If the new parole board raises the level of release for low-risk offenders and returns the threshold to 1996 levels, there would be a savings of more than **\$120 million** (1).

Recommendation: Re-create a “good time” system that replaces disciplinary credits with credits for accomplishments that increase the likelihood of success upon release.

In the late 1970’s Michigan ended the practice of “good time” or disciplinary credits for good behavior. In 1998, the final disciplinary credits were removed; at that point Michigan already met the federal standard of requiring inmates to serve 85% their sentences. I would not recommend re-instating disciplinary credits for inmates who are meeting basic expectation, I recommend re-creating good time to offer credits for inmates that receive their GED, Associates Degree or other achievements that increase the probability that the inmate will be a productive member of society upon release.

According to the Citizens Alliance on Prisons and Public Spending reducing the length of sentence to the Great Lakes average and assuming 3,000 inmates meet maximum disciplinary credits would result in an additional savings of **\$100 million (2)**.

Recommendation: Create a re-configured Michigan Sentencing Commission, with the charge to examine the appropriateness of sentencing guidelines and make recommendations to maximize effective use of technology and community based sentencing.

In 1999, the Legislature ended the Michigan Sentencing Commission within the Legislative Council. The Commission's duty was to periodically review sentencing guidelines and report on whether guidelines were appropriate to fit particular crimes. **We recommend re-establishing the Sentencing Commission, with the charge to gauge the effectiveness of sentencing guidelines and recommending where appropriate sentences that are community based and maximize technology.** Rep. Paul Condino has introduced House Bill 4964 to re-establish the sentencing commission. **We recommend that the Chamber support HB 4964 and support new positions on the Sentencing Commission for the general public representing the taxpayers who will be paying for the recommended sentences.** Further, Detroit Renaissance commissioned a poll on various state budget reforms. Alternative sentencing for non-violent offenders was the most popular suggestion with almost 80% approval.

As stated above, according to the Citizens Research Council, a reduction in sentencing guidelines of an average of one year could save **\$400 Million per year**.

Recommendation: Fully implement the Michigan Prisoner Re-entry Initiative to increase parole success rate 10%. Further, limit the amount of time that technical violators or parole can be incarcerated without being re-paroled.

The MPRI was created within MDOC to help remove barriers to employment, housing and family re-unification, its goal is to increase parole success rate by 10%. If successful, this could save between \$30 million and \$40 million annually. **We also recommend limiting the time that "technical violators" of parole, who did not engage in criminal conduct to 12 months before being re-paroled.** The population currently includes 3,600 technical violators, serving on average up to 18 months before being paroled. If 1,000 of them were paroled after 1 year the savings would be **\$14 million (3)**.

Maximizing Investment in the Corrections System

While, a significant part of reducing expenses in MDOC must come from reducing the prison population, there certainly are a number of ways in which MDOC can maximize the taxpayer's investment in MDOC.

Recommendation: Open food service to competition by allowing competitive bidding from the private sector.

Food service at MDOC facilities accounts for \$84 million and 487 classified employees in the FY 2007-08 budget. In Oakland County, the county jail has privatized their food service and the Sheriff reports that if MDOC could pay the same per meal price as Oakland County it would save the state **\$39 million**. Florida and Kansas have both privatized the food service in their prison systems. Based on their costs, Michigan could save **\$10.2 to \$38 million**. **We recommend that MDOC open their food service to competitive bidding including allowing state employees to compete.**

Recommendation: Open services not requiring corrections officers to competition and partner with other public institutions to deliver services.

Beyond food service, MDOC utilizes a number of services performed by state employees that could be subject to competition. For example, in the 2007-2008 budget, MDOC has been appropriated \$233 million health care, provided by 1,041 full time equivalent state employees. **We recommend that the MDOC open services that do not require a corrections officer to competition. We also further recommend the MDOC partner with other state institutions such as nursing and medical schools to provide services at lower costs.** It should be noted that the poll commissioned by Detroit Renaissance indicates that there is little desire among the general public to reduce the pay or benefits of front-line employees in the Corrections system. It was the least preferred alternative of all suggested reforms with only 20.9% support.

Recommendation: Reduce administrative expenses by 10% and reduce top heavy management within individual facilities.

As noted, there is little public support for a reduction in pay or benefits for Corrections officers, a reduction in benefits for “state employees.” **We recommend a 10% reduction in administrative costs with in MDOC.** It has been suggested anecdotally, that many of Michigan’s correctional facilities have become top heavy with management the fact that MDOC’s appropriations bill does not contain separate line items for management vs. corrections officers it is difficult to say with certainty if this is the case. Leaving out individual prisons, a 10% reduction on MDOC spending would result in **\$82.6 million** in savings.

RECOMMENDATION SUMMARY

	Recommendation	Estimated Savings
1	Make the parole board a body of professional civil servants replacing the current board of political appointees. The new board should be charged with enforcing MDOC’s parole guidelines.	\$120 Million
2	Re-create a “good time” system that replaces disciplinary credits with credits for accomplishments that increase the likelihood of success upon release.	\$100 Million
3	Create a re-configured Michigan Sentencing Commission, with the charge to examine the	\$400 Million

	appropriateness of sentencing guidelines and make recommendations to maximize effective use of technology and community based sentencing. A sentencing reduction averaging only one year would bring us into line with other Great Lakes states.	
4	Fully implement the Michigan Prisoner Re-entry Initiative to increase parole success rate 10%. Further, limit the amount of time that technical violators or parole can be incarcerated without being re-paroled.	\$68 Million
5	Open food service to competition by allowing competitive bidding from the private sector.	\$39 Million
6	Reduce administrative expenses by 10% and reduce top heavy management within individual facilities.	\$82.6 Million
7	Open services not requiring corrections officers to competition and partner with other public institutions to deliver services	Estimated savings unknown
	Grand Total	\$809.6 Million

Additional Steps to Contain Costs in the Future

1. Support policies that reduce crime without unnecessarily incarcerating non-violent criminals.
2. Discourage legislative efforts to over punish in an effort to appear “tough on crime.”
3. Oppose efforts to make corrections officers subject to binding arbitration.