Senate Fiscal Agency
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BILL ANALYSIS

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE*	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE AMOUNT	PERCENT
FTE Positions	14,174.3	13,803.9	(370.4)	(2.6)
GROSS	**1,962,226,000**	**2,002,729,000**	**40,503,000**	**2.1**
Less:				
Interdepartmental Grants Received	225,000	0	(225,000)	(100.0)
ADJUSTED GROSS	**1,962,001,000**	**2,002,729,000**	**40,728,000**	**2.1**
Less:				
Federal Funds	5,568,700	5,523,700	(45,000)	(0.8)
Local and Private	8,533,200	8,692,800	159,600	1.9
TOTAL STATE SPENDING	**1,947,899,100**	**1,988,512,500**	**40,613,400**	**2.1**
Less:				
Other State Restricted Funds	43,950,700	36,554,600	(7,396,100)	(16.8)
GENERAL FUND/GENERAL PURPOSE	**1,903,948,400**	**1,951,957,900**	**48,009,500**	**2.5**
PAYMENTS TO LOCALS	**114,323,600**	**111,888,200**	**(2,435,400)**	**(2.1)**

*As of June 8, 2016.

FY 2015-16 Year-to-Date Gross Appropriation $1,962,226,000

Changes from FY 2015-16 Year-to-Date:

Items Included by the Senate and House

1. **Unrealized Savings from Health Care Contract.** Governor restored $11,200,000 funding to account for unrealized savings from the new consolidated health care services contract. Senate and House concurred. — 11,200,000

2. **Trinity Food Service Contract.** Governor recognized increased costs due to higher per meal rates, menu changes, and a contractual annual Consumer Price Index adjustment. Senate and House concurred. — 1,535,000

3. **Facility Costs.** Governor recognized increased water and sewage rates in Muskegon, St. Louis, and Kinross Charter Township. Senate and House concurred. — 287,800

4. **Special Equipment Fund.** Governor reduced funding for prisoner reentry MDOC programs and equipment and special maintenance because of reduced funding as a result of FCC mandated prison rate caps. Increased GF/GP funding to hold education programs harmless. Senate and House concurred. — (4,800,000)

5. **Prison Relocation Savings.** Governor recognized additional savings from the relocation of the Kinross facility. Senate and House concurred. — (3,400,000)

6. **Prison Store Operations.** Governor recognized a reduced need for storekeeper positions. Senate and House concurred. — (2,400,000)

7. **Removal of Five-Year Early-Out Deferred Sick Leave Payments.** Department obligations will be satisfied as of FY 2015-16 for employees who opted into the 2010 early retirement program, which deferred sick leave payments over five years. Senate and House concurred. — (1,346,800)

8. **Economic Adjustments.** Governor included $7,819,200 Gross and $7,639,000 GF/GP for OPEB and $28,106,500 Gross and $27,459,700 GF/GP for other economic adjustments. Senate and House concurred. — 35,925,700

9. **Other Changes.** Governor reflected net reduction in restricted revenue amounts. Senate and House concurred. (101,100)

Conference Agreement on Items of Difference

10. **Facilities Closure.** Senate recognized $46,927,200 in savings from the closure of two correctional facilities. Conference recognized savings from one facility closure. (27,069,400)

11. **Managing Prison Populations.** Governor and House recommended defunding currently offline housing units that are not planned to be used in FY 2016-17 for a savings of $4,991,000. Senate does not include savings as housing units will need to remain online after prison closures. Conference did not include savings. 0

12. **Leased Beds and Alternatives to Leased Beds.** Governor and House recommended moving prisoners into MDOC facilities from beds currently leased from counties for a net savings of $1,609,000. Senate did not include savings as it recommends that the program continue. Conference included savings as well as an additional $1,600,000 in savings. (3,209,000)

13. **County Jail Reimbursement Program.** Conference increased the reimbursement rates for the program by $5 for every tier. 1,467,500

14. **Prisoner Health Care Services.** Senate recognized further health care contract savings of $3,000,000 due to prisoner population declines. Conference reduced savings to $1,500,000. (1,500,000)

15. **Hepatitis C Pharmaceuticals.** Governor increased funding for Hepatitis C medication by $17,335,000. House increased funding by $12,335,000. Senate did not include increase due to reduced costs for Hepatitis C medication and reduced backlog due to increased funding in FY 2015-16. Conference increased funding by $10,535,000. 10,535,000

16. **Medication-assisted Treatment Reentry Pilot.** House included $500,000 for a pilot program to provide targeted offenders with medication prior to being paroled to help with opioid and alcohol addiction. Conference concurred. 500,000

17. **Transportation.** Senate recognized savings for transportation and custody of prisoners due to moving certain medical procedures in-house. The following procedures are planned to be moved in-house in FY 2015-16: chemotherapy, ultrasound, liver biopsy, PICC line placement, midline catheter placement, nerve block, punch biopsy, central venous catheter, paracentesis, thoracentesis, and penile ring block. Conference included $200,000 savings. (200,000)

18. **Mental Health Programming.** Governor and House provided funding of $1,954,500 for 17.0 additional FTEs along with operating costs increase to address increased caseload and waiting list, as well as transition to a new sex offender treatment program. Senate provided funding for 9.0 FTEs. Conference concurred with Senate. 1,035,000

19. **Criminal Justice Reinvestment.** Senate added $15,000,000 in funding to expand evidence-based programs that can reduce recidivism and incarceration rates among probationers and parolees. Conference reduced funding to $4,573,300. 4,573,300

20. **Supervising Region Incentive Program.** Senate added $3,000,000 funding to create an incentive to field operations administration regions that implement supervision practices, procedures, and sanctions directed at parole and probation revocation reduction within the region. Conference moved some funding to one-time. 2,518,600

21. **Vocational Village.** Senate added $3,000,000 in funding to expand the vocational village initiative. Conference reduced funding to $2,000,000. 2,000,000

22. **Parole Sanction Certainty Program.** Governor eliminated funding of $500,000 for the program. House maintained current funding levels. Senate restored funding and increased funding to expand the program. Conference concurred with Senate. 940,000

23. **Goodwill Flip-the-Script.** Governor eliminated funding of $2,000,000 for the program. House reduced funding by $500,000, Senate restored funding and increased funding by $500,000 to expand the program. Conference reduced funding by $500,000 (500,000)

24. **Information Technology Services.** Governor and House provided funding to support the transition to a new billing model for DTMB's provision of services, expand broadband capabilities across 27 correctional facilities and 113 field offices, and recognized increased DTMB charges for mobile device access. Senate reduced expansion to 25 correctional facilities and shifted $440,000 funding for device access fees to the Special Equipment Fund. Conference concurred with fund shift, but did not reduce the number of correctional facilities.	3,042,600
25. **Ballistic Vests.** Governor and House proposed one-time funding for life cycle replacement of 1,570 vests for probation and parole agents. Senate proposed the vests to be paid for from the Program and Special Equipment Fund. Conference reduced funding by $500,000 and paid for the vests with the Special Equipment Fund.	481,300
26. **Reentry Service Contracts Rebids.** Governor and House provided $6,790,000 of increased funding for new reentry services, substance abuse, and sex offender contracts that will be rebid in FY 2016-17. Senate did not include the increase. Conference concurred with Senate.	0
27. **Living in Recovery.** Governor and House recommended funding of $750,000 for a new program targeting probation violators with a history of relapse to help prevent recidivism. Senate did not include the program. Conference did not include the program.	0
28. **Federal Education Revenue.** Governor and House recommended rolling up five Federal deductions that support the Education Program (DED, vocational education equipment; DED-OESE, title I; DED-OVAE, adult education; DED-OSERS; and DED, youthful offender/Specter grant) into a single line item called Federal education funding, which would have total funding of $1,722,100. Senate retained current deductions. Conference concurred with rollup.	0
29. **Clinical and Mental Health Services and Support.** Senate recommended unrolling this line item into four separate lines: health care administration, mental health services and support, clinical complexes, and hepatitis c treatment. Conference concurred with the Senate.	0
30. **Correctional Facilities.** Senate recommended rolling up all line items for individual correctional facilities into a single line item called Correctional facilities. Conference left lines unrolled and added placeholder for a possible new facility.	100
31. **Senate and House items not included.** Senate included funding to lease and operate the North Lake Correctional Facility and fund infrastructure repairs and improvements within existing facilities. Senate also included savings from the closure of the Flint lockup and reduced pharmaceutical costs due to a 340B drug purchase agreement being negotiated by the unified health contract provider. House included increased funding for prisoner programming and education. Conference did not include the items.	0
32. **FY 2016-17 One-Time Gross Appropriations.** (1) Governor and House proposed one-time funding of $8,506,100 for an officer academy with expected graduating class of 350. Senate reduced funding by $1,000,000 and 40 officers to reflect reduced need due to facility closures. Conference included full class. (2) Conference included $481,300 for one-time costs related to the supervising region incentive program.	8,987,400
Total Changes	$40,503,000
FY 2016-17 Initial Ongoing/One-Time Gross Appropriation	**$2,002,729,000**

Boilerplate Changes from FY 2015-16 Year-to-Date:

Items Included by the Senate and House

1. **Section Numbering.** Governor renumbered several sections to maintain consistency across all budget areas. Senate and House retained current numbering.
2. **Section Names.** Governor removed "Miscellaneous" section and added "Information Technology" and "One-Time Appropriations". Senate and House retained "Miscellaneous" section.
3. **Updated Amounts for Total Legacy Costs.** Governor, Senate, and House updated total legacy costs section. The pension related costs are $187,327,100 and the retiree health care costs are $150,531,100. (Sec. 214)

Conference Agreement on Items of Difference

4. **Deletions.** Governor and House proposed to eliminate the following sections from current-year boilerplate: 212, 239, 403, 409, 505, 508, 511, 601, 611, 805, 814, 816, 912, 937, 940, 945, 1011, 1012, and 1201. Governor further proposed to eliminate the following sections: 206, 214, 247, 402, 412, 413, 417, 421, 434, 437, 508, 612, 802, 803, 812, 904, 911, 942, and 1009. Senate retained all sections except for Sec. 434, regarding agricultural employment for parolees. Conference eliminated the following sections: 247, 434, 509, 805, 814, 945, and 1012, but retained all other sections. These deletions included reporting on new programs, reporting on Michigan State Industries, health care requirements, and faith based reentry programs.
5. **Definitions.** Governor and House eliminated eight definitions from the bill, all simple acronyms such as IDG means "interdepartmental grant". Governor also eliminated eight more definitions for concepts such as recidivism and cost per prisoner. Eighteen definitions will remain in the bill with such terms as full-time equated, offender target populations, and serious mental illness. Senate retained all definitions. Conference eliminated acronyms and retained all other definitions.
6. **Reporting Frequency and Prisoner Programming.** Governor reduced the frequency of reporting for prisoner populations (Sec. 419) and core programming (Sec. 913). Senate and House retained current reporting frequency. Senate required Department to give full accounting from date of entrance for all prisoners required to complete programming. House added section requiring Department to focus on providing programming to prisoners past their earliest release date. Conference concurred with House.
7. **Program Additions.** Governor, Senate and House added sections for IT bandwidth increases (Sec. 1000), expanded mental health and sex offender treatment (Sec. 806), Senate and House required the Department to explore the feasibility of establishing an online career high school education program pilot (Sec. 908). Governor and House added a section to implement the Living in Recovery program (Sec. 805) and new custody staff training (Sec. 1100). Senate removed the Living in Recovery program (Sec. 805), added sections to require reporting on parole denials (Sec. 422), vendor contracts (Sec. 503), and hepatitis c treatment (Sec. 807), established the Supervising Region Incentive Program (Sec. 602), outlined criminal justice reinvestment (Sec. 604) and the lease agreement for the North Lake Correctional Facility building (Sec. 901), and added three counties - Genesee, Kent, and Saginaw - to the parole sanction certainty pilot program (Sec. 421). House added section for a medication-assisted treatment reentry pilot (Sec. 425). Conference retained all new sections except 805 (Living in Recovery) and 901 (North Lake Correctional Facility).
8. **Reentry Services.** Senate added a section requiring the Department to complete a request for information before increasing spending on reentry services. Conference did not include. (Sec. 404).
9. **Capital Outlay.** Senate added language to require the Department to report annually on the unspent balance of all capital outlay projects. Conference concurred. (Sec. 508).
10. **Facilities Report.** Conference added new section requiring the department to do a cost analysis comparing leasing or purchasing a new facility with reopening a mothballed facility or maintaining current facilities. (Sec. 901)

Date Completed: 6-30-16 Fiscal Analyst: Ryan Bergan