AN UPDATE ON PRISON CONSTRUCTION
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It has been nearly three years since the Legislature last authorized funding for new prison bed construction. While most of the construction is now complete, the State's prison population continues to grow, and eventually more bed space will be needed. Given that the time-line for site acquisition and construction could be two to three years, the discussion of how to address the bed space needs must begin soon.

This article provides an update on the recent construction projects, the impact of the new capacity on prison operational costs, an estimate of future bed space needs, and a discussion of options and alternatives to new prison bed construction.

Where We Are Now

The last major round of prison construction culminated in Public Act (PA) 273 of 1998, which authorized $197.0 million to construct 5,856 new beds at 11 different locations ranging from new multilevel prisons to minimum security "drop-in"[1)] housing units at existing prisons. While the construction of most of the facilities is now complete, some facilities have not opened as the prison population has not increased as quickly as expected. Table 1 provides the status of each of the PA 273 projects.

Table 1
STATUS OF PRISON BED CONSTRUCTION

Project	Cost	Beds	Status	Occupancy Date
"Bellamy Creek" - New Multilevel prison at Ionia	$80,500,000	1,500	Under construction	Oct. 2002
"Pine River" - New Level I prison at St. Louis	$25,000,000	960	Complete and open	Jan. 2000
Level I housing unit at Baraga Maximum prison	$3,500,000	240	Complete and open	Feb. 2000
Level I housing unit at Cooper Street Facility	$6,100,000	480	Complete and open	Jan. 2000
Level I housing unit at Crane	$6,000,000	240	Complete and open	Apr. 2000
Level I housing units at Camp Ojibway	$19,900,000	480	Conversion complete	July 2000
Level I housing units at Camp Pugsley	$28,000,000	800	Conversion complete	Jan. 2001
Level IV housing unit at Macomb Prison	$8,400,000	240	Complete pending certification-delayed opening	June 2001
Level IV housing unit at Saginaw Prison	$9,300,000	240	Complete pending certification-delayed opening	May 2001
Level IV housing unit at Thumb prison	$8,800,000	240	Complete pending certification-delayed opening	May 2001
Other Level I bed expansion	$1,500,000	436	Complete	Fall 1998

Source: Senate Fiscal Agency

In addition to the costs of new construction, the new facilities require additional operating funds as well. The operating costs include the salaries of administrators and guards, consumables such as food and supplies, utilities, and medical care. The cost of operating the new facilities authorized in PA 273 has added a total of $128.5 million or an average $23,712 per bed per year to the appropriations for the Department of Corrections (DOC). Operating costs vary based on the type and security level of the facility, and in most cases also are affected by the type and seniority level of staff required at the facility.

Projection of Future Bed Needs

In order to predict the future need for prison bed capacity, a projection of prison population must be made. At this time, however, there is no reliable population projection that accounts for changes in sentencing guidelines and truth-in-sentencing statutes. As seen in Table 2, in accordance with the boilerplate language of the annual appropriations act, the DOC provided a five-year prison population projection based on trend analysis that is not adjusted for changes to sentencing guidelines or the enactment of truth-in-sentencing. Nonetheless, the projection shown in Table 2 indicates that additional capacity will be needed by the end of calendar year 2003.

Information developed for the Sentencing Commission more than two years ago indicated that sentencing guidelines would result in a net decrease in the number of admissions to prison as offenders score out of prison sentences, while truth-in-sentencing statutes would result in a net increase in prison population as prisoners serve a longer period of time. The problem with using this information to adjust the prison population projection is that it is out of date and fails to analyze the sentencing statutes as enacted and subsequently amended. Also, one assumption that underlay the projection was that the trends in probation and parole violations would remain constant, while all indications are that these categories of admission to prison are on the increase.

Further complications in estimating the need for additional capacity include the fact that in the past, the DOC's estimates have proven to be higher or lower than actual prison population by about 1,000 prisoners, because prison population trends are not consistent year over year. Although the error rate of 1,000 prisoners over a five-year projection period is not high, it is significant because it represents an entire prison worth of prisoners. Also, probation and parole violators are becoming a larger part of prison intake. Given that there is less information about these offenders than about prisoners, attempts at predicting their population trends are harder to make. Even if sentencing guidelines applied for the original sentence, judges are under no obligation to apply the guidelines when sentencing for a technical probation violation.

Alternatives to New Construction

As described above, the reliability of prison population projections is influenced by a number of factors, including changes in sentencing guidelines, the enactment of truth-in-sentencing, and concerns about changing prison admission and parole patterns. Given these concerns, it appears that 2003 is the best target date estimate for needed prison capacity expansion. Capacity expansion, however, does not necessarily need to come in the form of new construction. One alternative to constructing new prison beds is prison bed leasing. Currently, Michigan law prohibits leasing beds from private vendors, but does allow for prisoner placement at other state or Federal facilities. For example, last year when the prison population exceeded the prison capacity, Michigan placed prisoners in a Commonwealth of Virginia facility. However, the availability of out-of-state, government-operated leased prison beds is very limited. In order for Michigan to lease beds from private vendors, a change in statute would be required.

There are also a variety of other nonprison alternatives for probationers, parolees, and new offenders that could be explored. These options include expanded use of community programs, changes in laws setting mandatory minimum sentences, and changes in departmental policy regarding the sanctioning of probation and parole violators. Barring the implementation of prison alternatives, and assuming that the population projections hold true, the State will need to begin planning for new prison construction this year.

In the past, the State has financed the construction of new prison beds by selling bonds through the State Building Authority (SBA). If the Legislature chooses to embark on another round of prison construction to address capacity needs, it is very likely that the SBA's bond capacity debt limit will need to be raised. The statutory limit on the amount of principal debt issued by the SBA that may be outstanding at any one time is set at $2.7 billion. The current estimate of available bond capacity left under the limit is projected to be about $250 million. Given that a new prison will likely cost nearly $100 million, a $250 million financing capacity is, in practical terms, not sufficient. Furthermore, while the $250 million estimate reflects all projects currently being planned or under construction, it does not account for any new building projects at State agencies, colleges, or universities that the Legislature may choose to authorize in the future.

Table 2
PRISON POPULATION AND CAPACITY COMPARISON

Year	Month	Capacity [a)]	Population [b)]	Capacity Surplus (Deficit)
2001	January [c)]	47,873	45,870	2,003
	March	47,873	46,279	1,594
	June	48,593	46,650	1,943
	September	48,593	46,874	1,719
	December	48,593	47,303	1,290
2002	March	48,593	47,789	804
	June	48,593	48,219	374
	September	48,593	48,438	155
	December	50,093	48,978	1,115
	March	50,093	49,354	739
2003	June	50,093	49,817	276
	September	50,093	50,258	(165)
	December	50,093	50,709	(616)

a) The actual net capacity from January 2001 increased by the capacity in new facility openings requested in the FY 2001-02 Executive Recommendation. b) Population projection from the Department of Corrections 1/31/01. c) Actual capacity and population.