

Issue Paper



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FACING THE MICHIGAN LEGISLATURE

MARGINAL COST OF CORRECTIONS: MICHIGAN'S EXPERIENCE

by

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Senate Fiscal Agency



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INTRODUCTION

In most discussions about the costs of the corrections system in Michigan, per-prisoner costs are often cited as a major factor. When per-prisoner costs are calculated, however, there are several figures used to describe the costs to the State. This issue paper outlines the different costs that are used and explains in detail the principles and assumptions made to calculate short-run marginal costs, long-run marginal costs, and average costs. This cost discussion is important to equip policymakers with the methodology and assumptions that underlie the fiscal impact on the State when the Legislature considers bills that could increase or decrease the overall prison population. Using a simple average of the per-prisoner costs, such as taking the Michigan Department of Corrections (MDOC) total appropriation and dividing it by the number of prisoners, is the "quick and dirty" method, which may not provide an accurate representation of the actual marginal cost structure. This issue paper outlines ways in which costs can be categorized and a cost basis can be built from the bottom-up, rather than through a simple division of total costs by total incarcerated individuals.

HISTORICAL COST INFORMATION

The Senate Fiscal Agency has in the past used an average annual cost of \$32,000¹ and \$35,000² for the cost to the State of an individual prisoner. The House Fiscal Agency has used similar figures in calculating per-prisoner costs (\$34,000³ and \$35,500⁴). The MDOC estimated its per diem prisoner costs at \$94.05⁵ in 2010 (\$34,328 per year) and \$96.30⁶ in 2014 (\$35,149 per year). This would seem to indicate broad-based agreement among the separate entities on the average costs per prisoner in any given year. In fact, a recent article in *The Economist* stated the following regarding the entire American prison system: "Its cost to the American taxpayer is about \$34,000 per inmate per year; the total bill is around \$80.0 billion."⁷ The cost figure reflects the average costs for a prisoner, which is a relatively straightforward calculation made by taking the total operational costs of the facilities as well as a portion of the administrative cost and dividing that figure by the average annual number of filled prison beds. Michigan's average cost figure cited above excludes costs related to the supervision of individuals on parole and probation and the remaining portion of the administrative overhead that was not allocated to the facility operations.

Average cost, which is often stated as a per diem cost, is a simple high-level way to analyze a prison system and is often used to compare states' operational costs. Since one of the biggest portions of average cost is correctional system fixed costs, when one compares states by average cost, there is no differentiation between how fixed costs are treated by State X and State Y. A fixed cost is any cost that is independent of the number of prisoners in a given system. This includes rent, central administration, capital equipment, and basic utilities. Two states could have exactly the same correctional system (facilities, labor, prisoners, and administration) but the way the appropriation and expenditures are treated for budgetary purposes could differ. For example, State X may include correctional facility debt service in its corrections budget, while State Y may not include it in the corrections budget, but rather in a

¹ SFA - Bill Analysis as Reported from Committee; S.B. 700, 701, 703, 706, 707, 710, 712 & H.B. 4683, 4684, 4686, 4687, 4695 & 4696 (2009-2010)

² SFA - Bill Analysis as Enacted; S.B. 43 & 249-252 & H.B. 4462, 4478 & 4492 (2011-2012)

³ HFA - Bill Analysis as Enacted; H.B. 6426 & 6427 (2009-2010)

⁴ HFA - Bill Analysis as Reported from Committee; H.B. 4021, 5012 & 5026 (2013-2014)

⁵ Governor Snyder - Department of Corrections Dashboard Data

⁶ Report to the Legislature, PA 252 of 2014, Article V, Section 904; Prisoner Costs

⁷ *The Economist*, Jailhouse Nation, June 20, 2015

different budget area. If the debt service on the facilities were significant, say \$50.0 million to \$100.0 million annually, there could be a potential difference in the average cost per prisoner of up to \$2,000, as shown below in Table 1, even though the systems are exactly the same in every way except for the way in which the budget process works.

Table 1
A COMPARISON OF TWO THEORETICAL
CORRECTIONS SYSTEMS WITH 50,000 PRISONERS

	State X	State Y	Difference
Corrections			
Labor	\$650,000,000	\$650,000,000	-
Prisoner	\$300,000,000	\$300,000,000	-
Administrative Costs	\$50,000,000	\$50,000,000	-
Facility Debt Service	\$100,000,000	\$0	\$100,000,000
Total Corrections Budget	\$1,100,000,000	\$1,000,000,000	\$100,000,000
Average Costs Per Prisoner	\$22,000	\$20,000	\$2,000
Debt Service Expenditures	\$0	\$100,000,000	(\$100,000,000)
Total State Cost	\$1,000,000,000	\$1,000,000,000	\$0

Additionally, there are other types of fixed costs that may or may not be included when the average costs are calculated for a given prison system.

The limitations of using average cost are illustrated clearly when the fiscal impact of legislation on the prison system is analyzed. If the average cost of a prisoner in State X is \$50,000, then it would be intuitive to state that adding an additional prisoner will cost State X \$50,000 and, conversely, removing a prisoner would save taxpayers \$50,000. For a quantitative example, in fiscal year (FY) 2006-07, Michigan's prison population was 51,454 with 17,782 full-time equated employees (FTEs), and the MDOC's initial gross appropriation was \$1,953,623,000. The total average cost (including probation/parole supervision and nonoperational overhead) was approximately \$38,000 per prisoner. By FY 2014-15, Michigan's prison population was 43,414 with 14,179 FTEs, and the MDOC's initial gross appropriation was \$2,040,521,700. The total average cost (including probation/parole supervision and nonoperational overhead) is approximately \$47,000 per prisoner. The factors that play into this dramatic increase in the average costs include prisoner health care costs, increased amounts from the statewide allocation in pension contributions for unfunded actuarial accrued liability (UAAL), and increased labor costs. Nevertheless, the premise still holds that using a binary formula of a reduction in prisoners leading to a constant taxpayer saving is incorrect. As Michigan's experience shows, using an average cost analysis obfuscates the actual cost structure of the corrections system.

A more precise method to estimate taxpayer cost or savings from a prisoner added to or subtracted from the system is a marginal cost method. The Vera Institute of Justice has published a guide that helps states analyze corrections costs from a marginal perspective.⁸ Marginal costs are simply the change in the total costs due to a one-unit change in the level of current operations. In other words, marginal cost is the increase or decrease in costs resulting from an increase or decrease of one prisoner. Whether the cost will change based on a unit change in the current prison population depends on whether the cost is considered one of the following:

⁸ A Guide to Calculating Justice-System Marginal Costs - Vera Institute of Justice May 2013

- variable (changes directly and instantly based on output changes),
- fixed (does not change over a given period of time and is not affected by a change in output), or
- step-fixed (cost does not change over a given period of time, but if the output changes enough over time, costs will change).

By separating cost types and building a cost model from the bottom-up—rather than from top-down as is the case with an average cost approach—the different cost categories provide tools to determine cost changes to the system depending on whether a change is small (such as creating a new felony penalty expected to add one new prisoner per year), or large (such as an overhaul of the criminal justice system that could change the population dramatically). The way in which the impacts on marginal costs from changes in variable costs and step-fixed costs are taken into account is by separating costs into short-run and long-run marginal costs.

The Vera Institute classifies the costs in the following ways:

- Variable costs include overtime, supplies, contracted services, client subsidies, travel, fuel, and food.
- Fixed costs include rent, utilities, central administration (human resources, fiscal, legal, etc.), debt service, and equipment.
- Step-Fixed costs include staff salaries, fringe benefits, such as health care and pension contributions, and certain fixed costs when staffing levels change by a large amount.

The short-run and long-run marginal costs are entirely dependent on the changes in variable and step-fixed costs. Fixed costs do not change in response to the number of prisoners. From a variable and step-fixed costs standpoint though, if crime declines and the annual prisoner cohorts are smaller than the cohorts that are being paroled or reaching their maximum sentence, not only are there fewer people to feed, move around, and clothe, there also is a decreased need for staff and all the costs that are associated with that labor.

In 2014, the Senate and House Fiscal Agencies, the MDOC, and the State Budget Office participated in a collaborative exercise to determine the various cost types for Michigan's corrections system. Though the Vera Institute's guide was used as the primary source for classifying the different cost types, through discussion and analysis the group settled on a slightly different method for classifying the different cost types. The MDOC, however, excluded debt service from its analysis. The Vera Institute includes this as a fixed cost for its calculations. For purposes of this paper, the analysis presented includes it as well. (To view the classifications by line item for FY 2014-15, please see the [Appendix](#).)

The next section gives the cost calculations for FY 2013-14 and FY 2014-15, which include debt service as a fixed cost. "Excluded Costs" are mainly made up of reentry services, which represent costs of parolees, not currently incarcerated individuals. Also excluded from the cost analysis are the majority of field services and other one-time expenditures such as the *Neal, et al.* settlement payment.⁹

⁹ *Neal* was a class action lawsuit brought in 1996 by female inmates against the MDOC. After the case was litigated and jury verdicts awarded damages to the plaintiffs, a settlement agreement was reached in 2009. The MDOC was required to pay \$100.0 million for damages, costs, and attorney fees in installments between October 2009 and October 2014.

Per-Prisoner Costs in FY 2013-14 and FY 2014-15

As shown in Table 2, any incremental change in the number of prisoners either cost or saved the State approximately \$4,045 in FY 2013-14. This number shows that any analysis of a change in policy that considers only the change in the average cost per prisoner is flawed. As the Cost Composition section of this paper will show, consideration of the change in the number of prisoners reduces or increases the amount only by the direct cost per prisoner, which includes food, transportation, health care, and small expenses such as uniforms. Long-run marginal costs are closer to average costs because those costs include both direct and indirect costs of incarceration. Step-fixed costs include labor costs, which are the largest single portion of the cost base in operating prisons. Any policy change that has significant structural ramifications for the prison population will use the long-run marginal cost in order to show the impact of labor and administrative overhead changes that would occur.

Table 2

MDOC COST ANALYSIS FOR FY 2013-14		
Total Expenditures	\$2,039,605,840	
Total Capital Costs	\$37,493,000	
Total Cost Base	\$2,077,098,840	
[A] Variable	\$177,806,500	
[B] Fixed	\$174,208,125	
[C] Step-Fixed	\$1,304,888,740	
Excluded Costs	\$420,195,475	
Total	\$2,077,098,840	
[D] Total Workload Driven Costs	\$1,656,903,365	
[E] Estimate of Prison Population	43,953	
	Annual	Per Diem
	Costs	Costs
Short-Run Marginal Cost = [A]/[E]	\$4,045	\$11.08
Long-Run Marginal Cost = ([A]+[C])/[E]	\$33,734	\$92.42
Average Cost = [D]/[E]	\$37,697	\$103.28

Source: Senate Fiscal Agency, House Fiscal Agency, and MDOC

Table 3 shows no significant change in the cost structure for FY 2014-15 except that the step-fixed costs rose by \$44.0 million. In combination with the distribution of lower variable and fixed costs over a larger number of prisoners, this leads to a small decline in all of the costs. The short-run costs dropped about \$300 per prisoner per year or about \$0.75 per prisoner per day mainly due to less expensive food procurement.

Table 3

MDOC COST ANALYSIS FOR FY 2014-15		
Total Expenditures	\$2,032,951,100	
Total Capital Costs	\$37,493,000	
Total Cost Base	\$2,070,444,100	
[A] Variable	\$164,846,100	
[B] Fixed	\$158,602,825	
[C] Step-Fixed	\$1,348,460,800	
Excluded Costs	\$398,534,375	
Total	\$2,070,444,100	
[D] Total Workload Driven Costs	\$1,671,909,725	
[E] Estimate of Prison Population	43,800	
	Annual Costs	Per Diem Costs
Short-Run Marginal Cost = [A]/[E]	\$3,764	\$10.31
Long-Run Marginal Cost = ([A]+[C])/[E]	\$34,550	\$94.66
Average Cost = [D]/[E]	\$38,171	\$104.58

Source: Senate Fiscal Agency, House Fiscal Agency, and MDOC

COST COMPOSITION

Tables 2 and 3 give a high-level view of the cost classifications and the overall short-run marginal cost, long-run marginal cost, and average costs, but the tables do not show the composition of those costs. This section breaks each of the cost calculations into its respective components based on the spending plan prepared by the MDOC for FY 2014-15. The spending plan classifies the costs in the following categories: State Employee Wages, State Employee Benefits, Materials and Equipment, Facilities (including Rent, Building Occupancy Charges, and Utilities), Direct Payments to Clients, Medical Payments on Behalf of Clients, Educational Expenses, Other Contracts, and all other costs. Table 4 shows the proportion of the various cost types for corrections expenditures in FY 2014-15.

Table 4

FY 2014-15 SPENDING PLAN TOTALS		
Cost Type	% of Total	Amount
	Amount	Amount
State Employee Wages	39.4%	\$814,648,200
State Employee Benefits	32.9%	\$680,111,000
All Other Costs	9.5%	\$197,488,000
Medical Payments on Behalf of Clients	7.2%	\$148,714,300
Other Contracts	3.5%	\$72,448,100
Facilities (Rent, Building Occupancy Charges, & Utilities)	3.4%	\$69,899,400
Materials and Equipment	2.3%	\$47,883,600
Debt Service Costs	1.8%	\$37,493,000
Educational Expenses on Behalf of Clients or Students	0.1%	\$1,515,700
Direct Payments to Clients	<0.1%	\$242,800
Total	100%	\$2,070,444,100

Source: MDOC

For FY 2014-15, State Employee Wages and Benefits are 72.3% of the entire spending plan. These figures represent more than just the wages and salaries included for the operation of the various facilities and include the salaries and benefits for those employees who are involved in

field operations (parole/probation) and the portion of central administration overhead not allocated to direct prison operations and supervision.

Short-Run Marginal Costs

The formula for short-run marginal cost is:

$$\frac{\text{Total Variable Costs}}{\text{Total Prisoner Count}}$$

This equation means the direct costs will scale linearly with any positive or negative adjustment to the prisoner count. Any additional prisoner will require food, which is a direct cost of service that cannot be shared over a larger base of prisoners the way in which step-fixed and fixed costs can be changed with a significant change in the operations of the model.

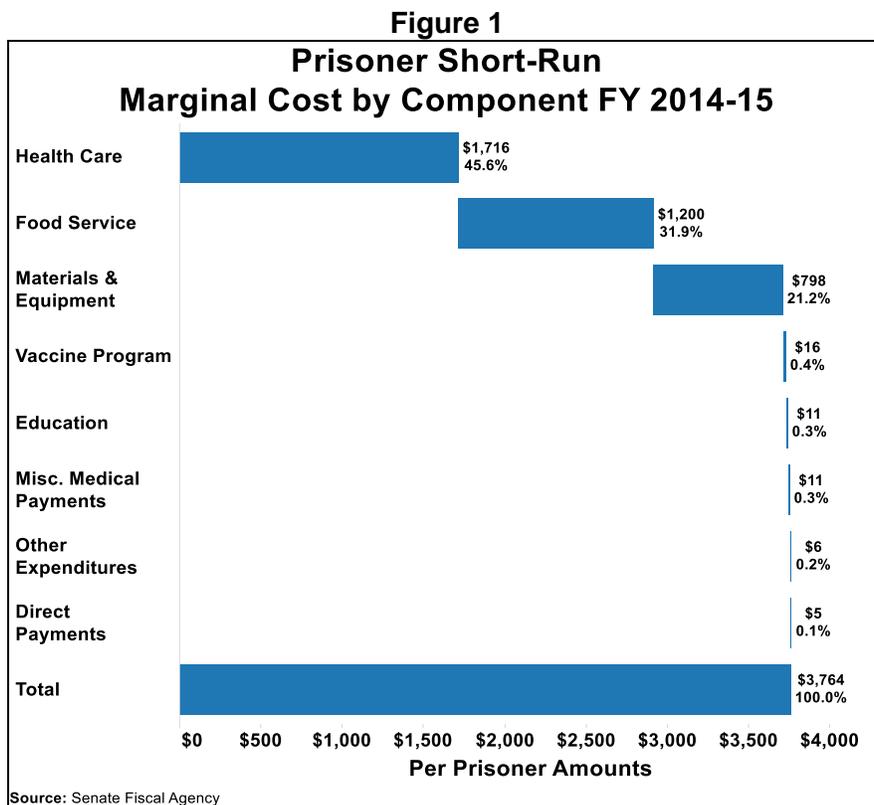


Figure 1 illustrates that the variable cost component for any given prisoner is mostly made up of health care and food—nearly 80% of the cost. Approximately \$1,716 per prisoner per year or \$143 a month is spent on health care and \$1,200 per year or \$100 a month is spent on food. The other large portion of variable costs is the materials and equipment costs at the facilities, which include other expenses such as clothing and other materials deemed necessary. The education aspect is somewhat misleading since most of the cost of education is in the staffing and the classroom equipment, not in per-pupil enrollment fees, which would be captured in a variable cost estimate. Since staffing costs are considered step-fixed costs, there is not any impact on the short-run cost from that factor. The other categories average about \$10 per prisoner per year or a little under \$1 per month.

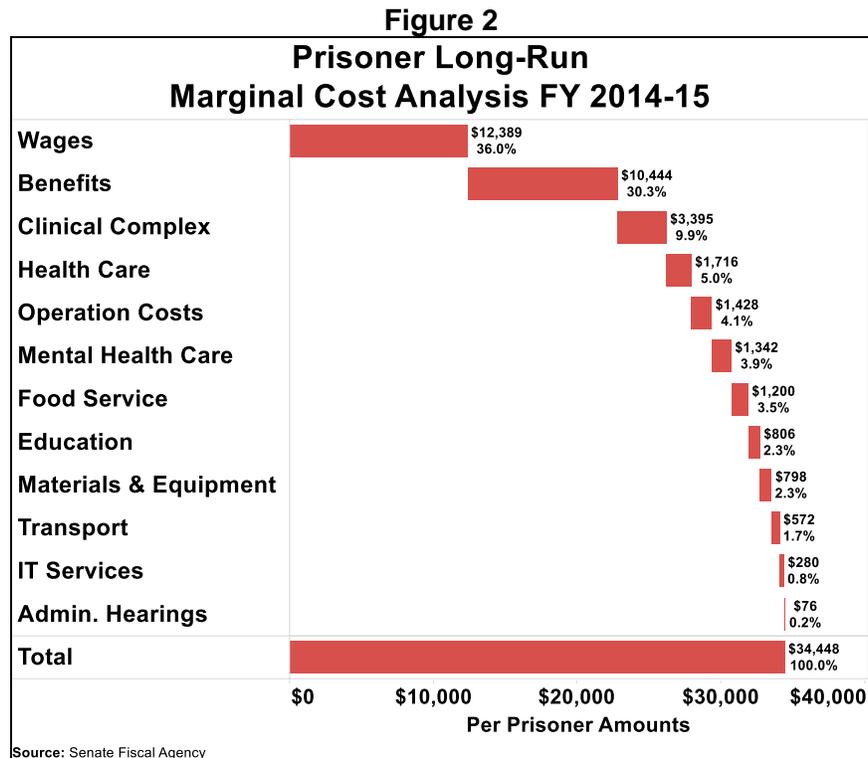
As shown in Table 3, the total variable costs in FY 2014-15 are estimated to be \$164,846,100. With a prisoner count of 43,800, the marginal cost per prisoner is \$3,764. Since the variable costs are embedded within health care and the separate correctional facility line items, there are only a few line items that are fully variable costs. The allocation in the expenditure plan must be consulted to determine the facility's share of the variable cost portion. The line items that are completely variable are: Prisoner Health Care, Prison Food Service, and Vaccination Program. The other parts of the variable cost total include Facilities-Materials and Equipment, Facilities-Education Expenses on behalf of Clients or Students, Facilities-Medical Payments (not included in the Prisoner Health Care line item), Facilities-Other Expenses, and Direct Payments made on behalf of clients.

This analysis shows what the estimated direct impact from a relatively minor policy change would be on the corrections budget. The exact number of prisoners added to or subtracted from the system that would trigger an increase or a decrease in the step-fixed costs is uncertain. Exploring that issue would likely take a longer dataset and a more robust model to test against actual historic population changes in the Department.

Long-Run Marginal Costs

The formula for the long-run marginal cost is:

$$\frac{\text{Total Variable Costs} + \text{Total Step-Fixed Costs}}{\text{Total Prisoner Count}}$$



For the long-run marginal cost, the calculation includes both the variable and step-fixed costs, which means that given a near-term lead time for the changes to take place, these costs will change. The larger the magnitude and the longer the time period, the more likely there will be significant changes in the corrections expenditures. To illustrate with an extreme example, if there

were only 100 people in Michigan prisons tomorrow and many were released, the savings to the State would not appear instantly as State employees would remain and existing contracts would need to be fulfilled. The costs to maintain these relationships are in essence fixed in the short term. As an extreme population increase or decrease is absorbed by the system, the natural effect is for the costs to adjust accordingly. For example, in FY 2014-15, about \$1.0 billion of the operational costs are salaries and benefits, which include the employee salaries and benefits, as well as the legacy costs associated with pension and other post-employment benefits (OPEB), of which 100% must be paid regardless of the prison population during the year.

In FY 2014-15, the total variable costs remain the same, \$164,846,100, as in the short-run analysis, but, with the inclusion of total step-fixed costs of \$1,348,460,800 (nearly an order of magnitude greater than the variable costs), the long-run cost per prisoner is similar to the step-fixed cost structure. With step-fixed costs, operational employee costs are now included. The total long-run marginal cost using a total prisoner count of 43,800 is \$34,550, which is very similar to the average cost estimates provided to policymakers. The similarity, however, disappears as the "quick and dirty" average cost method does not allow any further analysis of composition of the costs or track whether certain portions of the costs have become more or less expensive. Additionally, with average costs, the per-prisoner amount could increase even if expenditures stay fixed, but population declines. That muddles where the changes are in the system and leaves policymakers without a per-prisoner cost that is more sensitive to population changes.

State Employee Wages and Benefits comprise approximately 72.3% of the Department's overall costs, but the wages and benefit cost ratio is 74.2% for operational employees. The next-largest portion of the step-fixed costs is in the Clinical Complexes line, which includes staff wages and benefits and the medical care that is not provided as a direct service to the prisoners. Those three items make up 85% of the step-fixed cost base, as illustrated in [Figure 2](#).

Even when the variable costs are included, 89.1% of long-run marginal cost is made up of step-fixed costs. In the short-run marginal cost analysis, prisoner health care made up 45.6% of the total; for the long-run marginal cost, the same item makes up only 5%. In [Figure 2](#), seven cost items are excluded for presentation purposes; these items include step-fixed costs¹⁰ and variable costs¹¹ for a total of \$103 per prisoner per year.

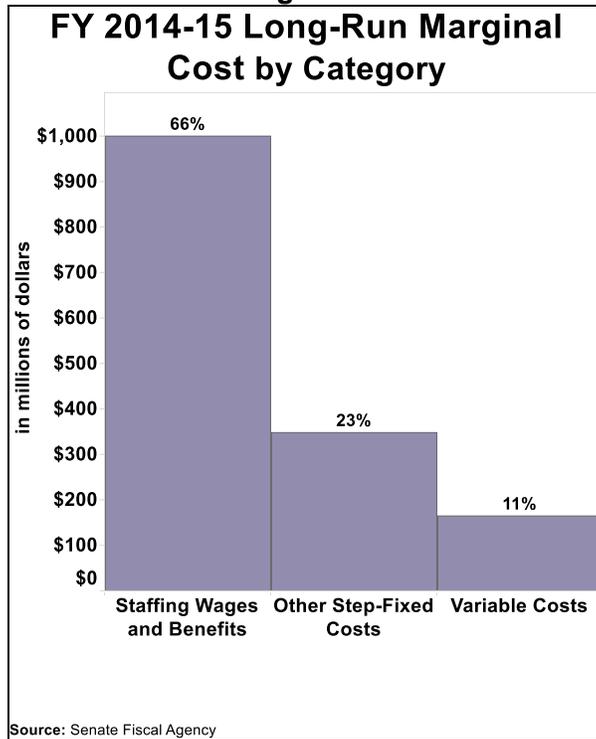
The nature of the long-run marginal cost structure means that any minor change in population will not cost or save any significant amount of taxpayer funds. Any major increase or decrease in corrections costs will indeed be driven by the change in the number of prisoners, but the direct costs associated with prisoners themselves are not what leads to any change in the overall corrections spending. Staffing costs that are connected to the population are the major corrections cost driver.

[Figure 3](#) illustrates that 66.1% of the overall long-run marginal cost base is driven by staffing costs. This means that, of the \$34,550 per prisoner, \$22,832 is staffing costs. Due to the structure of public employment in Michigan under the State Civil Service, it would be difficult to change the corrections expenditures in any given budget year. Given a longer time horizon, however, to allow for changes to occur within the system, a change in population will begin to have an effect as the number of staff needed to properly run the facilities is achieved.

¹⁰ Equipment and Maintenance — \$36 per prisoner, and Inmate legal services — \$18 per prisoner

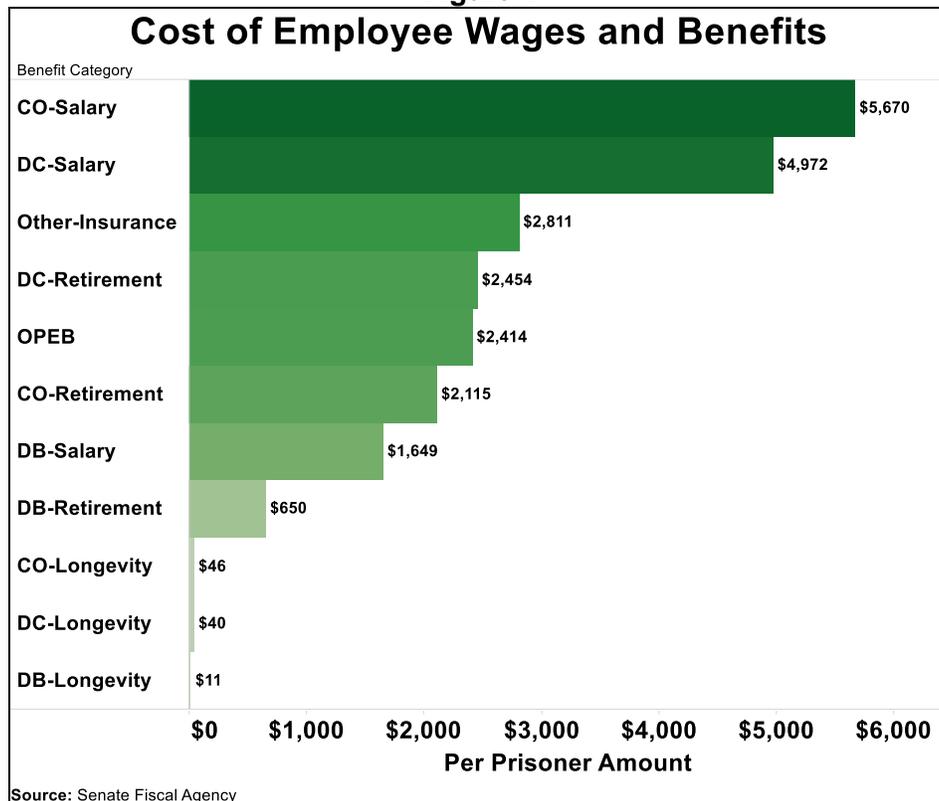
¹¹ Vaccination program — \$16 per prisoner, Education costs — \$11 per prisoner, Miscellaneous medical payments — \$11 per prisoner, Other facility expenses — \$6 per prisoner, and Direct payments — \$5 per prisoner

Figure 3



The staffing cost may be broken down further, as displayed in [Figure 4](#).

Figure 4



Correctional Officer (CO) and defined contribution (DC) employee salaries are the largest portions of the employee costs, with defined benefit (DB) salaries lower down the allocation.¹² Included in these cost estimates is a factor completely independent of the corrections budget process: the statewide allocation of the legacy cost contributions to any current employee. Even if there were no other expenses in the corrections budget, the total legacy cost portion that was allocated to the MDOC for FY 2014-15 is \$350,295,838. This is a global budget decision in which a contribution amount is calculated for the normal and legacy portions of the pension and OPEB amounts. The normal portion is the annual portion of employer contributions for pensions and OPEB. The UAAL portion is what can be called a legacy cost portion. For the total UAAL balance, the Budget Office allocates an amount to every employee. Since by definition a defined contribution has no UAAL, the legacy costs associated with DC-Retirement in [Table 5](#) represent the statewide allocation of the amortization payment for the UAAL associated with pensions and OPEB.

Table 5

FY 2014-15 STATEWIDE ALLOCATION OF LEGACY COSTS TO MDOC (OPERATIONAL EMPLOYEES AND TOTAL)						
Benefit Category	'Operational Employee' Legacy Costs	'Operational Employee' Normal Costs	Total 'Operational Employee' Costs	Total Legacy Costs	Total Normal Costs	Total Employee Costs
CO-RET	\$59,621,624	\$33,017,276	\$92,638,900	\$59,621,624	\$33,017,276	\$92,638,900
DB-RET	19,285,107	9,170,664	28,455,771	20,972,384	9,973,016	30,945,400
DC-RET	64,794,455	42,703,247	107,497,703	113,490,064	74,796,436	188,286,500
OPEB	89,185,396	16,555,681	105,741,077	156,211,766	28,997,934	185,209,700
Total	\$232,886,581	\$101,446,869	\$334,333,451	\$350,295,838	\$146,784,662	\$497,080,500

Source: Senate Fiscal Agency

Out of the \$34,550 long-run marginal cost, \$22,832 is staff costs and \$5,317 of that amount is legacy costs. This means that on a per-prisoner basis for FY 2014-15, one-sixth of the per-prisoner cost is in essence fixed for the foreseeable future.

The following is the breakout of the legacy costs by type:

- \$2,036 allocated to all for OPEB
- \$1,479 allocated to defined contribution employees
- \$1,361 allocated to correction officer employees
- \$440 allocated to defined contribution employees

Since there is a statewide allocation, it is impossible to know at what level there is any nexus between the retiree pool and the current employee base.

¹² In a "defined contribution" retirement plan, contributions to a retirement account are made by the employer or the employee, or both. The account has a variable value that usually relies on market and investment performance and does not provide a pension. A "defined benefit" plan offers a fixed, continuous stream of income (a pension) after a person retires, assuming he or she is vested. The State of Michigan previously offered a DB plan for all State employees; however, those hired after March 31, 1997, are part of a DC plan.

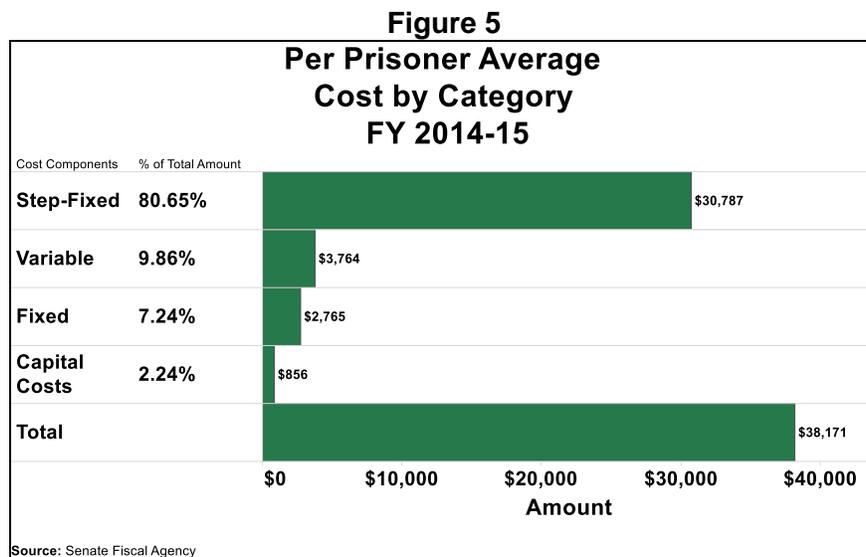
Average Costs

The last level of analysis is the average cost of operations. This includes all costs associated with the facilities. The formula to calculate the average cost is:

$$\frac{\text{Total Variable Costs} + \text{Total Step-Fixed Costs} + \text{Total Fixed Costs} + \text{Total Capital Costs}}{\text{Total Prisoner Count}}$$

Since the calculation includes all the costs associated with the operations of the facilities, there is a connection to the entire aspect of the operation. However, most of the costs are step-fixed and variable. The fixed and capital costs are independent of the factors in the variable and step-fixed costs. As long as the State owns prisons, there will be fixed costs associated with them. The capital costs will be completely repaid (absent any new debt service offered) by 2046. The longest-term debt is in the form of capital improvements; this debt is incurred to maintain facilities with large-scale maintenance needs.

For the average cost per prisoner, the variable and step-fixed costs remain the same as shown in [Figure 5](#). With the fixed costs (\$121,109,825) and capital costs (\$37,493,000) included, the total average cost per prisoner is \$38,171 for FY 2014-15.



Fixed and capital costs are 9.48% of the total amount, as shown in [Figure 5](#). When these frameworks are used to estimate the total impact on the corrections budget, if there is any consideration given to the average cost, it must be due to any underlying change in the actual facilities themselves. Accordingly, if a policy reduces the population enough to close a facility, only the variable and step-fixed costs will be avoided. The capital costs will continue until the debt is serviced and the fixed facility cost will continue as long as the State maintains the property in a given condition. If the facility is "mothballed", it will cost more than if the State closed the facility completely with no intention of reopening it. Alternatively, if a policy that increases the population enough to warrant the construction of a new facility is ever enacted, the cost estimates must include the same fixed and capital costs, not just the increased staff and prisoner costs.

USING PER-PRISONER COST ESTIMATES

Ultimately, when any type of cost estimate is used to determine the cost per prisoner, there is uncertainty inherent in the estimate. Choosing an average cost will provide a general sense of the cost structure, but will lose precision over time when the structure undergirding the system changes. The short-run and long-run marginal cost methods employ a more rigorous process to determine cost drivers present in the system. This issue paper has argued that using marginal costs is a superior method of measuring impacts from policy changes. The long-run savings or costs from any change in prison population will be realized only from overall staffing changes.

APPENDIX

**MICHIGAN DEPARTMENT OF CORRECTIONS
FY 2014-15 SPENDING PLAN MARGINAL COSTS**

	<u>CLASSIFICATION</u>
EXECUTIVE	
Unclassified Positions	Fixed
Executive Direction	Fixed
PRISONER RE-ENTRY AND COMMUNITY SUPPORT	
Prisoner Re-Entry Local Program	Excluded
Prisoner Re-Entry MDOC Program	Excluded
Prisoner Federal Grants	Excluded
Prisoner Legal Services	Excluded
Jail Mental Health Pilot	Excluded
Public Safety Initiative	Excluded
Goodwill Flip-the-Script	Excluded
BUDGET AND OPERATIONS ADMINISTRATION	
Budget and Operations Administration	Fixed
New Custody Staff Training	Fixed
Compensatory Buyout and Union Leave	Fixed
Workers Compensation	Fixed
Rent	Fixed
Equipment and Special Maintenance	Step-Fixed
Administrative Hearing Officers	Step-Fixed
Judicial Data Warehouse User Fees	Excluded
Sheriffs' Coordinating and Training Council	Excluded
Prosecutorial and Detainer	Fixed
County Jail Reimbursement Program	Excluded
FIELD OPERATIONS ADMINISTRATION	
Field Operations	Excluded
Parole Board Operations	Excluded
Parole/Probation Services	Excluded
Community Re-Entry Centers	Excluded
Electronic Monitoring Center	Excluded
Community Corrections Administration	Excluded
Substance Abuse Testing and Treatment	Fixed
Residential Services	Excluded
Community Corrections Comprehensive Plans	Excluded
Felony Drunk Driver Jail Reduction	Excluded
IDG to DHS For Swift-and-Sure	Excluded
CORRECTIONAL FACILITIES ADMINISTRATION	
Correctional Facilities Administration	Fixed
Prison Food Service	Variable
Transportation	Step-Fixed

Central Records	Fixed
Inmate Legal Services	Step-Fixed
Loans to Parolees	Excluded
Housing Inmates in Federal Institutions	Fixed
Prison Store Operations	Excluded
Prison Industries Operations	Excluded
Leased Beds and Alternatives	Excluded
Public Works Programs	Excluded
Cost Efficiency Housing	Excluded
Inmate Housing Fund	Step-Fixed
Education Program	Step-Fixed

HEALTH CARE

Health Care Administration	Fixed
Prisoner Health Care Services	Variable
Vaccination Program	Variable
IDG to Human Services, Eligibility Specialist	Fixed
Mental Health Services and Support	Step-Fixed
Clinical Complexes	Step-Fixed
Healthy Michigan Plan Administration	Fixed

CORRECTIONAL FACILITIES

Alger Correctional Facility	Var/Fix/Step PR
Baraga Correctional Facility	Var/Fix/Step PR
Bellamy Creek Correctional Facility	Var/Fix/Step PR
Brooks Correctional Facility	Var/Fix/Step PR
Carson City Correctional Facility	Var/Fix/Step PR
Central Michigan Correctional Facility	Var/Fix/Step PR
Chippewa Correctional Facility	Var/Fix/Step PR
Cooper Street Correctional Facility	Var/Fix/Step PR
Cotton Correctional Facility	Var/Fix/Step PR
Detroit Detention Center	Excluded
Detroit Re-Entry Center	Var/Fix/Step PR
Egeler Correctional Facility	Var/Fix/Step PR
Handlon Correctional Facility	Var/Fix/Step PR
Harrison Correctional Facility	Var/Fix/Step PR
Ionia Correctional Facility	Var/Fix/Step PR
Kinross Correctional Facility	Var/Fix/Step PR
Lakeland Correctional Facility	Var/Fix/Step PR
Macomb Correctional Facility	Var/Fix/Step PR
Marquette Branch Prison	Var/Fix/Step PR
Michigan Reformatory	Var/Fix/Step PR
Muskegon Correctional Facility	Var/Fix/Step PR
Newberry Correctional Facility	Var/Fix/Step PR
Oaks Correctional Facility	Var/Fix/Step PR
Ojibway Correctional Facility	Var/Fix/Step PR
Parnall Correctional Facility	Var/Fix/Step PR
Pugsley Correctional Facility	Var/Fix/Step PR
Saginaw Correctional Facility	Var/Fix/Step PR
Special Alternative Incarceration Program	Var/Fix/Step PR
St. Louis Correctional Facility	Var/Fix/Step PR

Thumb Correctional Facility	Var/Fix/Step PR
Women's Huron Valley Correctional Complex	Var/Fix/Step PR
Woodland Center Correctional Facility	Var/Fix/Step PR
Northern Region Administration and Support	Fixed
Southern Region Administration and Support	Fixed
Ionia and Jackson Area Utilities	Step-Fixed
INFORMATION TECHNOLOGY	
Information Technology Services	Fixed/Step-Fixed
CAPITAL OUTLAY	
Capital Outlay - Security Improvements	Excluded
ONE-TIME APPROPRIATIONS	
Education Program - One-Time Costs	Fixed
Field Operations - One-Time Costs	Excluded
Neal, et al. Settlement Agreement	Excluded
70x70 Life Recovery - Muskegon Pilot	Excluded
DEBT SERVICE	
	Excluded*
*This analysis treats Debt Service as Fixed	