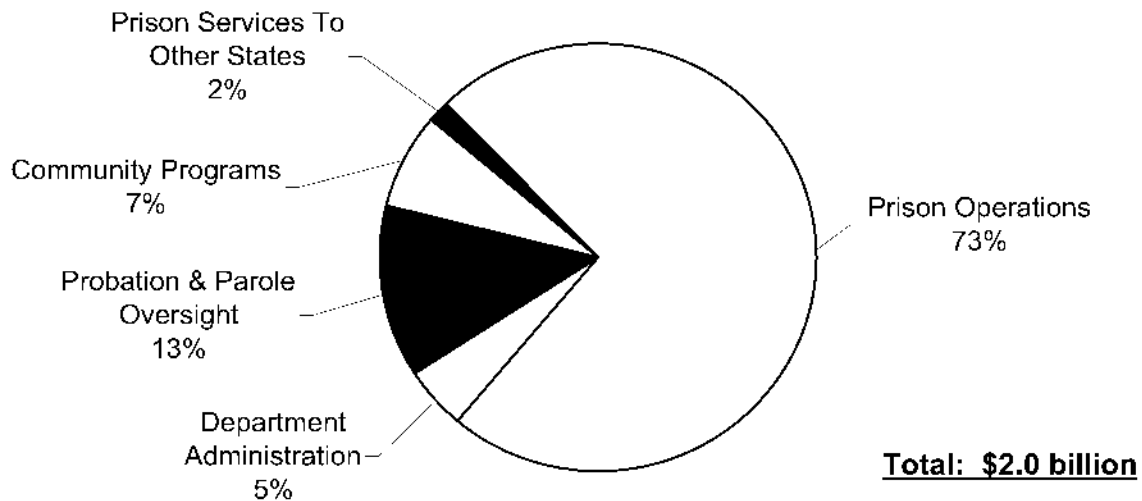


Department of Corrections

The Department of Corrections ensures public safety by providing custody and care for incarcerated felons while maintaining oversight and supervision of parolees and felony probationers. *The Governor's proposed budget for fiscal year 2011 recommends total funding of \$2.0 billion, of which \$1.9 billion is general fund.*

As Prisoners are Released on Parole, Department Costs are Shifting From Prison Operations to Parole / Probation Oversight



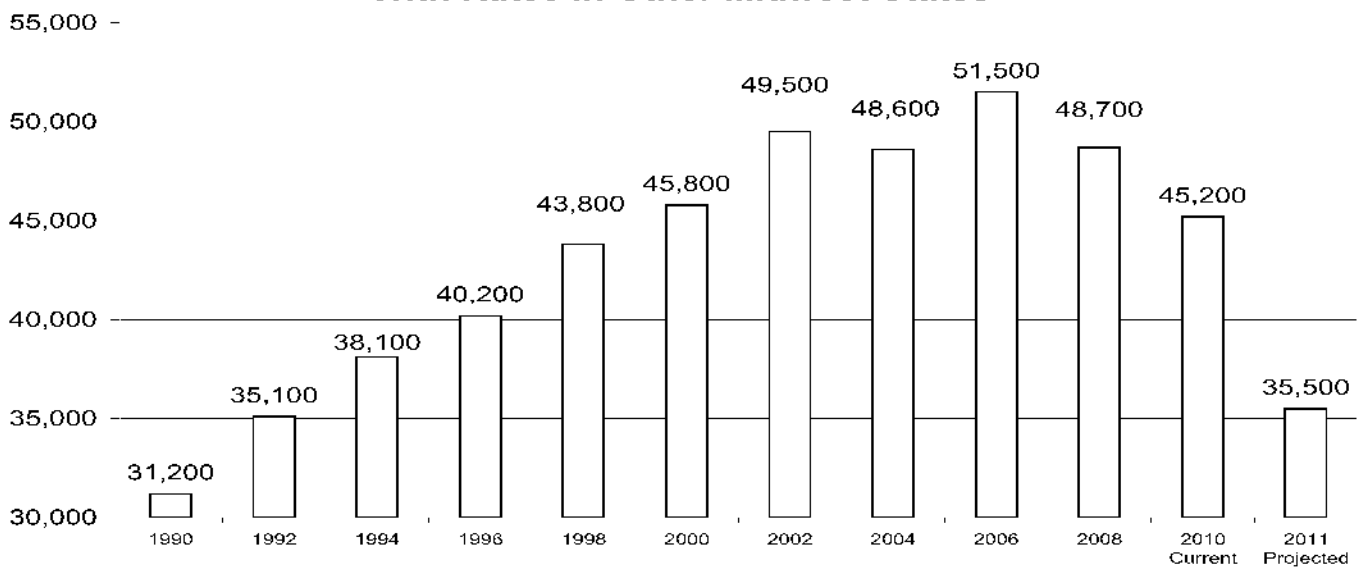
Reform Savings in Governor's Recommendation for the Department of Corrections

The Governor recommends \$139 million in net savings from the adoption of sentencing reforms that will result in a reduced prisoner population and the closure of department facilities, as well as cost reductions that will be achieved through the implementation of operational efficiencies. The proposal builds on the administration's successful efforts at controlling corrections costs via the targeted use of parole policy in conjunction with Michigan Prisoner Re-entry Initiative programming. Notably, from fiscal year 2003 through fiscal year 2010, nearly \$600 million in reductions have been identified in the Department of Corrections' budget. It is anticipated that the cumulative savings from the recommended sentencing reforms would accrue to an additional \$700 million over five years.

- The Governor recommends consideration and passage of House Bills 4497, 4498, and 4499. The bills reinstate a form of sentencing credit for good behavior in prison to apply to existing and future inmates. The bills also allow for reinstatement of the Community Residential Program where strict criteria would be utilized to allow a specified amount of offender time to be served under electronic monitoring outside of prison in certain circumstances. Combined, these changes are anticipated to reduce the prison population by approximately 7,500 within four to six months of enactment. Enactment of this bill package by June 2010 would result in the closure of 4 to 5 prisons starting in October 2010 and generate net savings of \$129 million. Investments in additional technology, parole staffing, and re-entry services are included in the Executive Recommendation.

- The Executive Recommendation includes \$4.6 million in cost savings in healthcare. Efficiencies will be identified through review and revision of the pharmacy formulary with practitioner education and adjustment in prescriber practices.
- Efficiencies of \$4 million are identified through commencement of a department-wide supply chain transformation strategy. Hundreds of business process improvements have been identified in areas such as prisoner transportation, warehouse operations, and food service.
- Savings of \$1.4 million have been identified in contract efficiencies, information technology rate reductions, and other adjustments.

**Prison Population Decreasing to Compare
With Rates in Other Midwest States**



Additional Highlights of Governor’s Budget Recommendation

- The Executive Budget includes \$1.4 billion in funding to operate a safe and secure prison system that currently houses 45,200 prisoners.
- The Governor recommends \$3.2 million in additional funding for more parole officers in order to provide increased oversight of sex offenders released on parole.
- The Governor also recommends the addition of \$1.2 million in funding for community corrections programs to provide local alternatives to more costly prison incarceration. The Executive Budget includes over \$143 million in community programs.
- The Executive Budget includes funding authorization to operate Muskegon Correctional Facility for over 1,300 prisoners from the State of Pennsylvania. Pennsylvania will pay the full cost of operation. This mutually beneficial arrangement between the states will allow Pennsylvania to reduce its overcrowded prison system and save approximately 240 jobs in Michigan. A fiscal year 2010 supplemental is also requested in order to commence transfer of inmates from Pennsylvania as soon as February 2010.

Fiscal Year 2011 Governor's Recommendation
Department of Corrections
(\$ in Thousands)

	FY10 Current Law	FY11 Recommendation
GF/GP	\$1,903,641.9	\$1,875,904.5
All Funds	\$1,956,122.8	\$1,967,197.8
	% Change - GF/GP	-1.5%
	% Change - All Funds	0.6%

Programs	GF/GP	All Funds
Prison Operations	\$1,408,820.9	\$1,444,648.6
Probation and Parole Oversight	\$241,665.9	\$256,475.2
Community Programs	\$134,972.2	\$143,665.5
Department Administration	\$68,372.9	\$69,679.4
Prison Services Provided to Other States	\$0.0	\$29,871.6
Information Technology Services and Projects	\$22,072.6	\$22,857.5
Total FY 2011 Recommendation	\$1,875,904.5	\$1,967,197.8