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GROWTH IN MICHIGAN'S CORRECTIONS SYSTEM:
HISTORICAL AND COMPARATIVE PERSPECTIVES

JUNE 2008

REPORT 350

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CITIZENS RESEARCH COUNCIL OF MICHIGAN



GROWTH IN MICHIGAN'S CORRECTIONS SYSTEM: HISTORICAL AND COMPARATIVE PERSPECTIVES

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GROWTH IN MICHIGAN’S CORRECTIONS SYSTEM: HISTORICAL AND COMPARATIVE PERSPECTIVES

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GROWTH IN MICHIGAN'S CORRECTIONS SYSTEM: HISTORICAL AND COMPARATIVE PERSPECTIVES

In Brief

Today, the Michigan Department of Corrections (MDOC) is the largest program that state government operates directly, accounting for nearly 20 percent (\$2 billion) of the current discretionary General Fund – General Purpose budget and employing nearly one-third of the classified workforce. Corrections programs growth is a direct result of the dramatic increase in the number of inmates from 1973 to 2007, during which time the population grew 538 percent, or roughly 42,000 prisoners, to 50,000 inmates. Official MDOC projections reflect a continuation of the historical trends over the next five years as the prison population is estimated to be slightly more than 56,000 by the end of 2012.

Michigan's prison population grew despite a 42 percent reduction in the crime rate from 1976 to 2006. While the total crime (violent and non-violent) rate

fell, the number of felony dispositionsⁱⁱ rose over the same period.

Michigan's prison population growth is the product of a combination of several different factors including: increases in felony dispositions, swelling prison commitments, higher recidivism ratesⁱⁱⁱ, and an increased average prisoner length of stay. Of these, the principal contributing factor is an increased average prisoner length of stay, which grew over 50 percent, from 28.4

ⁱⁱ A felony disposition is a court decision resulting in a felony conviction.

ⁱⁱⁱ Recidivism rate is the percentage of first paroled prisoners who returned to prison during their parole term, or within four years if the parole term is longer than four years.

2005 Prison Populations, Incarceration Rates, Average Salary, Annual Per Prisoner Costs Compared to Great Lakes States and U.S. Average

	<u>Prison Population</u>	<u>Incarceration Rate</u> (per 100,000 residents)	<u>Incarceration Rate as a Percentage of Michigan's Rate</u>	<u>Crime Rate Index</u> (per 100,000 residents)	<u>Average Corrections Salary</u>	<u>Annual Costs Per Prisoner</u>
Illinois	44,919	351	71.80%	3,631.80	\$51,507	\$21,622
Indiana	24,416	388	79.30%	3,780.00	33,521	21,531
Minnesota	8,874	180	36.80%	3,488.40	44,252	29,260
New York	62,743	326	66.70%	2,554.30	60,713	42,202
Ohio	45,854	400	81.80%	4,014.00	34,091	23,011
Pennsylvania	42,345	340	69.50%	2,841.70	45,845	31,029
Wisconsin	21,110	380	77.70%	2,901.70	41,845	28,932
Great Lakes Average	35,752	338	69.09%	3,316.00	44,487	28,227
U.S. Average	25,856	435	82.00%	3,900.50	41,354	23,876
Michigan	49,337	489		3,643.20	\$53,268	\$28,743

Sources: Pew Charitable Trusts "Public Safety, Public Spending, Forecasting Americas Prison Population 2007-2011". FBI Uniform Crime Reporting Program. Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2005.

months in 1981 to 43.5 months in 2005. Lower parole approval rates and specific policy changes aimed at being “tough on crime” are the primary causes of longer prison stays.

Substantial and sustained prison population growth since 1973 has caused the Corrections program in Michigan to look very different than those of the surrounding Great Lakes states^{iv}. Michigan’s Corrections program is out of line, substantially in some cases, in regional and national comparisons.

Michigan had an average length of stay that was at least one year longer than the national and Great Lakes states averages each year from 1990 to 2005. If Michigan’s average prisoner length of stay were one year shorter from 1990 to 2005, CRC estimates that Michigan would have:

- Incarcerated roughly 14,000 fewer prisoners in 2005;
- Spent about \$403 million less in 2005; and
- Employed approximately 4,700 fewer Corrections employees in 2005.

Michigan’s incarceration rate^v (511 prisoners per 100,000 residents) was the ninth highest in the U.S. in 2006 and 47 percent larger than the average of the Great Lakes states. This factor, along with Michigan’s annual cost per prisoner figure (15th highest in the nation) and above-average Corrections employee salary (\$9,000 more than the average of the other states bordering the Great Lakes), has caused Michigan to spend a larger percentage of its total state expenditures on Corrections (5.2 percent) than the national average (3.4 percent).

Projections of future inmate growth portend continued growth in Corrections spending. The average annual increase in Corrections spending pressures related directly to prison population growth is projected to be about \$46 million, which will drive annual spending pressures to a level of approximately \$2.6 billion by 2012. The combination of prison population increases and economic factors will cause Corrections spending pressures to grow at a faster annual rate than they have over the last 34 years.

^{iv} The seven other states that border a Great Lake are Indiana, Illinois, Minnesota, New York, Ohio, Pennsylvania, and Wisconsin.

^v Incarceration rate is the number of prisoners per 100,000 state residents.

GROWTH IN MICHIGAN'S CORRECTIONS SYSTEM: HISTORICAL AND COMPARATIVE PERSPECTIVES

Introduction

In many ways, the State of Michigan acts as a large financial institution, bankrolling services provided by other institutions. About 80 percent of State expenditures are actually spent by local units of government, school districts, doctors, hospitals, nursing homes, institutions of higher education, community mental health programs, road builders, and many other agencies that do not employ classified employees of the State of Michigan.

One large program that is directly provided by State government is Corrections. As detailed in this report, the growth of correctional expenditures has been dramatic over the last 35 years and, second only to the increase in Medicaid expenditures, this growth has been the largest contributor to the ongoing State structural deficit. Given the magnitude of Corrections expenditures, it will be extremely difficult to bring long-term balance to the State General Fund budget¹ without significant alteration of Corrections policy.

The first step toward policy change in Corrections is an understanding of how we got here. It did not happen overnight, but was the result of periods of steady-to-rapid growth punctuated by periods of relative stability. It is evident that the growth was precipitated by changes in policy, notably, sentencing guidelines, truth-in-sentencing, and parole policy. While this report is not intended to identify the precise aspects of those policies that might be adjusted in order to slow the growth of incarceration, it does lay the groundwork for CRC research in the near future aimed at determining the specific changes that hold the most promise.

The Citizens Research Council of Michigan received a great deal of cooperation in assembling the data in this report. In particular, we would like to thank the Michigan Department of Corrections, the Citizens Alliance on Prisons and Public Spending, the Pew Charitable Trusts Center on the States, and the United States Bureau of Justice Statistics.

¹ For the purposes of this report, General Fund - General Purpose and General Fund are used interchangeably to describe those state resources that are available for discretionary annual appropriation decisions by the Michigan Legislature.

Historical Perspectives: Periods of Population Growth and Stability

1973-1978: Period of Substantial Growth

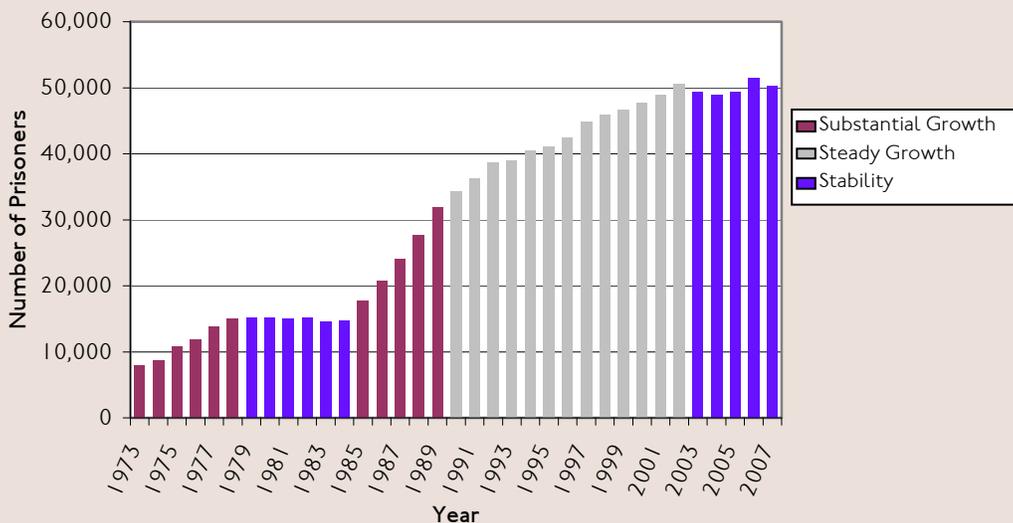
During this five-year period in the mid 1970s, Michigan's prison population grew from 7,874 to 14,944 prisoners (an annual growth rate of 13.7 percent), the second fastest rate of growth in the 34-year study period. This wave of prison population growth followed three years of prison population decline from 1970 to 1973. The influx of prisoners in these years required the Department to hire an additional 2,300 employees. The combination of prison population and workforce growth caused Corrections spending to grow at an average annual rate of 26.6 percent from \$38 million in FY73 to \$125 million in FY78.

In a simplified model, two factors contribute to prison population size: the number of prisoners entering prison and the length of time that prisoners remain incarcerated. In this time period, both increased. An

increase in the number of felony dispositions² contributed to moderate growth of the annual prison commitment numbers. In 1974, the U.S. Law Enforcement Assistance Administration developed a new program to provide discretionary funds to certain local prosecutor's offices to be used to set up units devoted to the prosecution of habitual offenders. The additional prosecutorial staff and resources resulted in longer prison sentences for habitual offenders in Michigan. This, in combination with the introduction of mandatory sentences for certain drug and firearm offenses, increased the length of stay for a number of prisoners in this time period.

² A **felony disposition** is a court decision resulting in a felony conviction.

Chart I
Michigan's Prison Population Growth: 1973-2007



Source: Department of Corrections Statistical Reports, Department of Corrections 2008 Prison Population Projection Report.

Although it did not directly affect the average prisoner length of stay during this time period, the ratification of the statewide ballot Proposal B in 1978 removed the graduated good-time credit system for certain (primarily assaultive) offenders sentenced after December 11, 1978, contributing to lengthier stays in prison in the ensuing years. This good-time system offered 7 to 22 day sentence reductions for each month that a prisoner avoided misconduct.

1979-1984: Period of Stability

During the early 1980s, the prison population decreased at an annual rate of -0.3 percent. This was one of two time periods, the other being from 2003 through 2004, that saw a net decrease in prison population. The stable population during the period slightly slowed expenditure growth to an average annual rate of 13.2 percent from \$125 million in FY78 to \$262 million in FY84. The growth of the Corrections workforce was also marginally slowed with a net increase of approximately 1,100 employees. Although growing at a slower rate than the 1970s, the Corrections expenditures and workforce did increase significantly in this time period.

The growth in the workforce was partly the result of an increased demand for parole officers. On average, 1,300 more prisoners were paroled annually from 1979 to 1984 than were paroled each year from 1976 to 1978. The Department of Corrections also hired additional corrections officers to tighten security after the widely publicized 1981 prison riots in Michigan. The growth in Corrections spending was the result of a combination of workforce growth and other inflationary spending increases, such as inmate health care costs³, which nearly doubled from \$15.7 million in FY79 to \$27.1 million in FY84, despite a slight drop in the prison population.

A number of factors contributed to the population stability during this time period. The Prison Overcrowding Emergency Powers Act of 1980⁴ permitted a 90-day sentence reduction for the entire prison population each time that the MDOC net operating capacity was reached. This, in combination with the introduction of

³ Mental health care expenses are not included in these figures.

⁴ P.A. 519 of 1980.

disciplinary credits of up to seven days per month in 1982 for prisoners affected by the 1978 proposal "B", reduced the length of stay for many prisoners. Over this period, parole approval rates reached near-historic highs, averaging 68.5 percent annually. Also at work were record low recidivism rates⁵, averaging 30 percent annually. The lower recidivism rates were the result of more prisoners being granted parole annually, roughly 1,400 more parole approvals in 1984 than 1979, and a smaller percentage of paroled prisoners returning to prison for technical rule violations⁶.

1985-1989: Period of Substantial Growth

In the late 1980s, the prison population grew at an unprecedented average annual rate of 16.8 percent. The total number of inmates under State supervision increased from 14,658 at year-end 1984 to 31,834 in 1989. This is the largest net prison population change for a five-year interval in Michigan's history. Although Michigan's incarceration rate⁷ was already comparatively high, it was the prison growth in this period that established Michigan as a stark outlier in regional and national incarceration rate comparisons. The tremendous prison population growth during this time period placed considerable strain on Michigan's finances and altered the composition of the state classified workforce.

Spending. The prison population expansion was evident in the 19.5 percent average annual growth rate of Corrections expenditures, which more than doubled in this time period. As a percentage of Michigan's General Fund, Corrections expenditures rose nearly four percentage points from 5.5 percent in FY85 to 9.1 percent in FY89. A significant portion of the growth in expenditures was directly related to the operation and maintenance of an additional 20 correctional facilities and a growing Corrections workforce.

⁵ **Recidivism rate** is the percentage of first paroled prisoners who returned to prison during their parole term, or within four years if the parole term is longer than four years.

⁶ **Parole technical rule violators** are parolees who have violated conditions of their supervision, such as reporting to a parole officer or passing a drug test. The Parole Board determines whether to revoke parole in each case. Some cases may include criminal behavior that was not prosecuted.

⁷ **Incarceration rate** is the number of prisoners per 100,000 state residents.

Workforce. From 1985 to 1989, the number of Corrections employees grew at an average annual rate of 17.8 percent, causing the Corrections workforce to double in size. In contrast, the number of non-Corrections employees decreased at an average annual rate of 0.6 percent. The percentage of the total classified workforce employed in the Department of Corrections rose from 13.5 percent in 1985 to 21.3 percent in 1989.

Reasons for Growth. There were myriad factors contributing to the dramatic prison population growth from 1985 to 1989. High profile crimes, such as the 1984 murder of an East Lansing police officer and a housewife by a parolee released under the Prison Overcrowding Emergency Powers Act, often result in lower parole approval rates. In 1985, parole approval rates dropped nearly 10 percentage points from 1984.

Another significant contributor to the prison population growth was a 61 percent increase in annual felony dispositions from 1985 to 1989. The growth in felony dispositions drove an increase in the number of annual prison commitments, which grew from 7,154 in 1984 to 12,760 in 1989. Contributing to the escalation in felony dispositions and prison commitments was the mounting number of drug-related arrests in these years, which translated into a 482 percent increase in the number of drug-related prison commitments from 1985 to 1989. These increases mirrored national trends with the initiation of the “War on Drugs”.

The 1988 repeal of the Prison Overcrowding Emergency Powers Act, which had been employed nine times since its adoption in 1980, contributed to the prison population growth. Also at play was the complete removal of good-time credits for all prisoners sentenced after April 1, 1987, making each incoming prisoner eligible for only disciplinary credits, regardless of offense type. Both of these changes extended the average length of stay for prisoners in Michigan.

In 1988, the Michigan Community Corrections Act⁸ was enacted to ease jail and prison overcrowding by increasing sanctions and services available locally to

nonviolent offenders. The act established the Michigan Office of Community Corrections and the State Community Corrections Board, which issue grants to local communities intended to support services such as substance-abuse and mental illness treatment and residential and employment placement for offenders who otherwise would have been sentenced to prison. Although it did not significantly affect annual prison commitments during this time period, the Office of Community Corrections did eventually contribute to a decline in the percentage of felony dispositions resulting in prison sentences, from 33.5 percent in 1988 to 23.8 percent in 2006.

1990-2002: Period of Steady Growth

The 1990s were characterized by steady prison population growth, at an average annual rate of 3.6 percent. Although at a slower rate than that of the late 1980s, the growth caused the population to rise to 50,591 prisoners by year-end 2002. As in the past, expenditures and Corrections workforce growth mirrored that of the prison population, each slowing to a steady average annual growth rate.

Michigan’s economy was thriving in the six years from 1995 to 2001, and State tax collections mirrored the economy’s performance. The State was able to amass significant reserves in its Rainy Day Fund and annual General Fund spending grew at an annual rate of 4 percent compared with Corrections spending growth of 5.3 percent annually over the same period. As a result, the proportion of total General Fund expenditures allocated to Corrections increased only slightly, from 15 percent in FY95 to 16 percent in FY01.

Two pivotal changes in policy during these years increased the size of Michigan’s prison population. The first was the change in the composition of the Parole Board from civil servants to appointees in 1992. The second was the 1998 implementation of sentencing guidelines developed and enacted by the Michigan Legislature and a truth-in-sentencing policy (See side box), which required each prisoner to serve 100 percent of the minimum sentence in a secure facility. The effects of these changes were apparent in a 20 percentage point decrease in the parole approval rate, the doubling of the number of technical rule violators returned to prison, and an 11 percentage point increase in the recidivism rate from 1990 to 2002.

⁸ P.A. 511 of 1988.

2003-2007: Period of Stability

From 2003 through 2004, Michigan's prison population declined by 1,760 prisoners, an annual rate of -1.8 percent. This was the largest net prison population decrease for a two-year period in the last 34 years.

Corrections expenditures and workforce size also decreased at comparable rates, as would be expected with a sizable reduction in prison population.

The decreased prison population can be attributed to two changes in policy, one of which was the Michigan

Michigan's Sentencing Guidelines and Truth-In-Sentencing

In 1998, the Michigan Legislature enacted sentencing guidelines to be used for all felony offenses committed after January 1, 1999. The enactment of the guidelines was tie-barred to the adoption of another legislative sentencing policy requiring that offenders serve at least the entire minimum prison sentence imposed by the court in a secure facility—a policy popularly called truth-in-sentencing.

In contrast to the judicial sentencing guidelines used from 1984 to 1998, the statutory sentencing guidelines reflect policy decisions made by the Legislature. The guidelines were designed to meet a number of objectives: (1) treat offenses against a person more severely than other offenses; (2) include guidelines for habitual offenders; (3) incorporate prior criminal offenses; and (4) reduce sentencing disparities based on factors other than offense and offender characteristics.

The sentencing guidelines categorize all felony offenses into six crime classes: (1) crimes against a person, (2) crimes against property, (3) crimes involving controlled substances, (4) crimes against public order, (5) crimes against public safety, and (6) crimes against the public trust. For each crime class, a grid was created with two dimensions, prior record level and offense severity level. The *prior record level* is a number assigned to the defendant after seven categories of the defendant's criminal history are measured. The *offense severity level* is a number assigned to the defendant after as many as 20 offense characteristics are measured.

Once the defendant is assigned a prior record level and offense severity level, the judge consults the appropriate grid. The intersecting cell reflects the minimum sentence range for that offender and that particular offense. There are three cell types within the sentencing guideline grids: (1) lock-out cells, which exclude a prison sentence for the offender; (2) straddle cells, which give the judge discretion on whether to sentence the offender to prison; and (3) presumptive prison cells, which mandate a prison sentence for the offender. Sentencing judges retain discretion both within the guidelines, which provide a sentence range and not a single fixed term, and outside the guidelines by virtue of the ability to depart from the guidelines' range for substantial and compelling reasons.

The sentencing guidelines were enacted concurrent with truth-in-sentencing, a state law that requires offenders to serve the entire minimum sentence in prison prior to being considered for parole. As a consequence of truth-in-sentencing, disciplinary credits and new additions to community residential programs were eliminated. The law applied to assaultive crimes committed on or after December 15, 1998, and all other crimes committed on or after December 15, 2000.

In 1996, the Federal Government established the Violent Offender Incarceration and Truth-in-Sentencing Incentive (VOI/TIS) Grant program. The VOI/TIS program aimed to encourage and assist states in requiring violent offenders to serve at least 85 percent of the sentence imposed by the courts. According to the U.S. Department of Justice, Michigan received a total of \$109,359,281 million in VOI/TIS grants, or roughly \$18 million annually, from FY96 through FY01. The VOI/TIS program is no longer active and no further grants will be awarded.

It is notable that Michigan met the criteria of the VOI/TIS grant before the 1998 sentencing guidelines and truth-in-sentencing policy were enacted. When Michigan officially adopted a truth-in-sentencing policy in 1998, it far exceeded the criteria of the VOI/TIS grant program. Many of the states that employ truth-in-sentencing apply it only to violent offenders, offer disciplinary credits, and require that less than 100 percent of the minimum sentence be served.

Department of Corrections' Five Year Plan to Control Prison Growth (adopted in 2003), which promoted alternative incarceration methods for low-level offenders, drug offenders, and parole technical rule violators. The plan also included a commitment to improve parole guidelines, MDOC mental health care, and prisoner re-entry. The other significant change in policy was the 2002 reform of sentencing statutes and parole policies associated with certain drug offenses. The most prominent change to the sentencing guidelines was the retroactive repeal of certain mandatory sentencing statutes.

As a result of the Five Year Plan and drug sentencing reform, the number of commitments declined by 1,366 from 2002 to 2004, parole approval rates rose with an average of 900 more prisoners being paroled each year than in 2002, and recidivism rates declined slightly.

In the wake of two years of population decline, the inmate population increased in 2005 and 2006, this time at an average annual rate of 2.7 percent. Corrections expenditures followed suit and rose 7.5 percent annually, but the Corrections workforce size increased by only 168 employees at an average rate of 0.5 percent annually. The slowed Corrections workforce growth appears to be the result of State

budget constraints.

In 2006, the high profile torture and murder of three people by a prisoner re-released in error, caused the entire Michigan criminal justice system to react with a rising number of arrests, more sentences to prison, fewer paroles, and more revocations of parole. This exacerbated the growth of Michigan's prison population, which increased by 2,177 in 2006, the largest annual increase since 1997.

The profound growth in 2006 did not extend through 2007. In fact, by year-end 2007, the prison population decreased by 1,251, which is the largest annual decrease in prison population in the last 34 years. The population decrease was the result of aggressive efforts by the MDOC to curtail the growth trends of 2006. These efforts included initiating Parole Board reviews for certain drug, nonviolent, and medically fragile prisoners and expanding and accelerating the Michigan Prisoner Re-entry Initiative. Both of these efforts were successful, with a record number of parole approvals and a reduction in parole failures.

According to the Department of Corrections, the prison population decrease of 2007 is not going to extend through 2008, as the MDOC projects population growth totaling 5,800 prisoners by 2012.

Profile of Michigan's Prison Population: February 2007

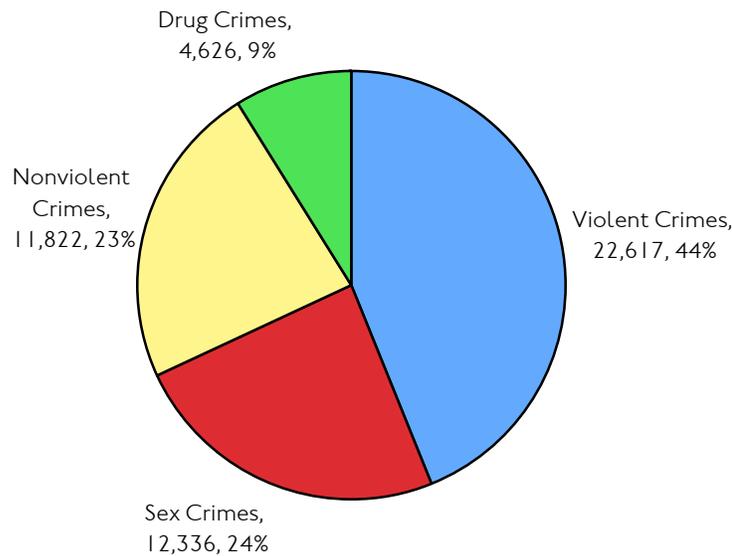
In February 2007 Michigan had 51,404 prisoners: 96 percent of those prisoners were male and 4 percent female. Prisoner ages ranged from 15 to 92 years, with an average prisoner age of 36 years. The racial breakdown of Michigan's prison population was 52 percent black, 45 percent white, 2 percent Hispanic, and less than 1 percent Asian, American Indian, or other.

Over 62 percent of the inmates are serving his or her first prison term. The average cumulative minimum sentence is 8.2 years. Roughly 35 percent of all prisoners are serving sentences of 10 years or more. The average length of stay for prisoners first released in 2007 was 4.3 years, or 51 months. Nearly 31 percent of the prison population is past parole eligibility. Of those past parole eligibility, 76 percent have been denied parole throughout the current prison term and 24 percent have paroled but then returned as violators.

Pre-sentence investigation reports showed that 57 percent of the population had a history of drug and/or alcohol abuse (34 percent with past drug and alcohol abuse, 15 percent with past drug abuse only, and 8 percent with past alcohol abuse only). Twenty-five percent of prisoners have a past history of mental health issues.

According to the Department of Corrections, the offenses for which state prisoners are incarcerated include: 44 percent violent crimes, 24 percent sex crimes, 23 percent nonviolent crimes, and 9 percent drug crimes (See **Chart 2**).

Chart 2
2007 Prison Population by Most Serious Offense



Source: Department of Corrections MPRI Quarterly Status Report July 2007.

Michigan's Prison Population

Enduring Prison Population Growth

Despite short periods of decline and differences in annual growth rates, the overarching theme of the last 34 years in Michigan Corrections is growth. With Corrections expenditures and workforce size consistently expanding to record levels, the question of why Michigan's prison population has experienced such substantial and sustained long-term growth is that much more pressing.

As mentioned earlier, in a simplified model two factors contribute to prison population size: the number of prisoners entering prison and the length of time that those prisoners remain incarcerated. In Michigan's case, both have increased. With existing longitudinal data, it is possible to identify the prominent contributing factors to increases in prison commitments and lengthened prison stays.

Prison Intake Growth

Intuitively, one may think that increasing prison commitment numbers are directly related to increasing crime rates. This has not been the case in Michigan, where the crime rate fell by 42 percent in the last 30 years. Thus, Michigan's prison intake growth, and subsequent incarceration rate growth, is not the result of an increased number of crimes being committed.⁹ There is, however, a positive correlation between the number of felony dispositions, which increased from 18,440 in 1976 to 52,031 in 2006, and the number of prison commitments. **Chart 3** shows that from 1976 to 2006,

⁹ The relationship between crime rates and incarceration rates is explored in more detail in the 'National Comparisons' section.

Chart 3
Felony Disposition Status of Michigan's Reported Crimes: 1976-2006



Source: Department of Corrections Statistical Reports, FBI Uniform Crime Reports (Data Compiled by The Disaster Center Website) www.disastercenter.com/crime/micrime.htm.

the number of reported crimes has fallen, but the number of felony dispositions has consistently increased.

Michigan's increasing recidivism rates¹⁰, which steadily grew from 36 percent in 1976 to 46 percent in 2004, also have contributed to prison intake and population growth. The effects of this change are cumulative. For example, had the recidivism rate remained at 36 percent from 1976 to 2006 and all other variables remained the same, 10,000 fewer prisoners would have reentered prison as parole violators. With each parole violator serving anywhere from a few months to a few years in additional time, it is clear that higher recidivism rates have contributed to Michigan's prison

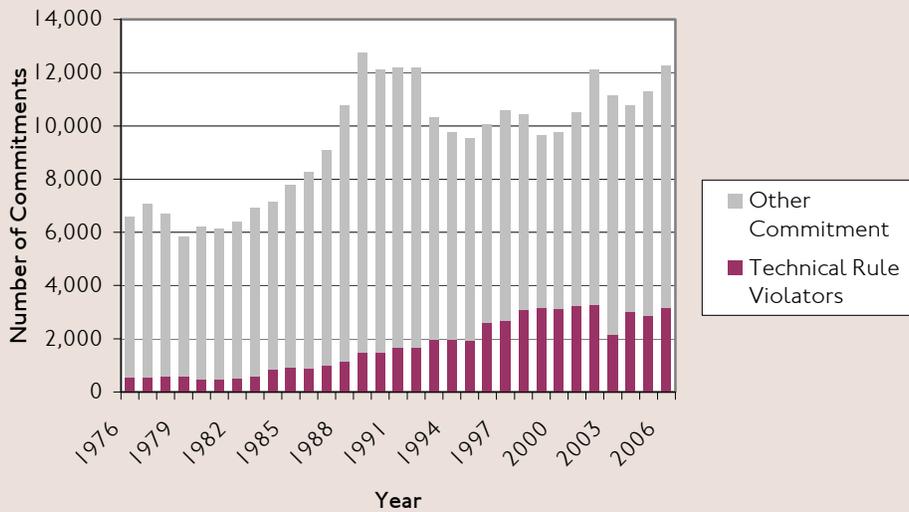
¹⁰ For 1976 through 1997, the recidivism rate was defined to be the percentage of first paroled prisoners who returned to prison during their parole term, or within four years if parole term is longer than four years. From 1998 through 2004, the recidivism rate was defined to be the percentage of first paroled prisoners who returned to prison within two years of being released. The change in definition caused annual recidivism rates from 1998 to 2004 to increase between one and two points from the previously reported recidivism rates.

population growth. In 2005, the Department of Corrections developed the Michigan Prison Re-entry Initiative (MPRI), which aims to lower recidivism rates by providing additional resources and guidance to prisoners before and after parole (See box on page 10).

Many variables affect recidivism rates, and it is difficult to quantify the effects of specific policy interventions on changes in rates over time. From 1992 to 2002 there was a nine-point increase in the recidivism rate, likely associated to some extent with the 1992 restructuring of the Parole Board from civil servants to appointees.

The Parole Board determines whether or not each parole technical rule violator is returned to prison. Given that each technical rule violator returned to prison is recorded as a parole failure, recidivism rates increase when the number of technical rule violators returned to prison increases. In this way, the decisions of the Parole Board are directly related to recidivism rates. In the 30 years from 1976 to 2006, the number of technical rule violators returned to prison annually has increased, accounting for only 9 percent of new prison commitments in 1976 and for 26 percent of new prison commitments in 2006 (See **Chart 4**).

Chart 4
Prison Commitments: 1976-2006



Source: Department of Corrections Statistical Reports.

Michigan Prison Re-entry Initiative

Preparing prisoners to leave prison and function in society is the primary goal of the Michigan Prison Re-entry Initiative (MPRI). The MPRI aims to control future prison population growth through lowering the recidivism rate for certain offenders. While expanding the program, as is currently planned, will entail additional budgetary resources in the short term, in the long run this program can yield cost savings. If Michigan can reduce its recidivism rate for offenders, it can reduce the prison population and control a significant factor contributing to the escalating costs of the state's prison system.

There are three phases for each participant of MPRI:

Phase One—Getting Ready. Upon entry into prison the offender's risks, needs, and strengths are identified and prisoners are given individual assignments to reduce personal risk, address needs, and build on strengths.

Phase Two—Going Home. This phase begins approximately six months before the offender's target release date. In this phase, highly specific re-entry plans are organized that address housing, employment, and services to address addiction and mental illness.

Phase Three—Staying Home. This phase begins when the prisoner is released from prison and continues until discharge from community parole supervision. In this phase, it is the responsibility of the former inmate, human services providers, and the offender's network of community supports and mentors to assure continued success. Graduated sanctions are utilized to respond to negative behavior.

According to the Department of Corrections, the impact of the MPRI will be reduced crime, fewer victims, safer neighborhoods, better citizens, fewer returns to prison and reduced costs. With primary MPRI test sites beginning in 2005, it is hard to determine the program's effectiveness, but early results indicate a 26-point improvement in the recidivism rates of the program's 10,191 participants. Statewide implementation of MPRI is projected for 2010.

Prison Length of Stay Increases

In Michigan, there are two primary contributors to increased average length of stay: changes in policy aimed at being tough on crime and decreasing parole approval rates. **Chart 5** shows that the average length of stay for prisoners in Michigan has increased 57 percent from approximately 28 months in 1981 to 44 months in 2005.

In 1998, legislative sentencing reform created statutory minimum sentence ranges based on legislative decisions. The sentencing reform was implemented in conjunction with Michigan's truth-in-sentencing policy, which precluded the use of disciplinary and good-time credits. The combination of longer statutory minimum sentence ranges and the exclusion of good-time credits has led to longer average prison stays.

Chart 5
Michigan's Estimated Average Length of Stay: 1981-2005 (five-year smoothed average)*



* The average length of stay was approximated for each year by dividing the average prison population of the previous five years by the average number of releases from that same time-period. This method was originally presented in: Patterson, Evelyn, and Samuel Preston. "Estimating Mean Length of Stay in Prison: Methods and Applications." *Journal of Quantitative Criminology* 24 (March 2008): 33-49

Source: CRC Calculations, U.S. Bureau of Justice Statistics Annual Releases Spreadsheet www.ojp.usdoj.gov/bjs/prisons.htm.

The Effects of Michigan's Increased Prisoner Length of Stay

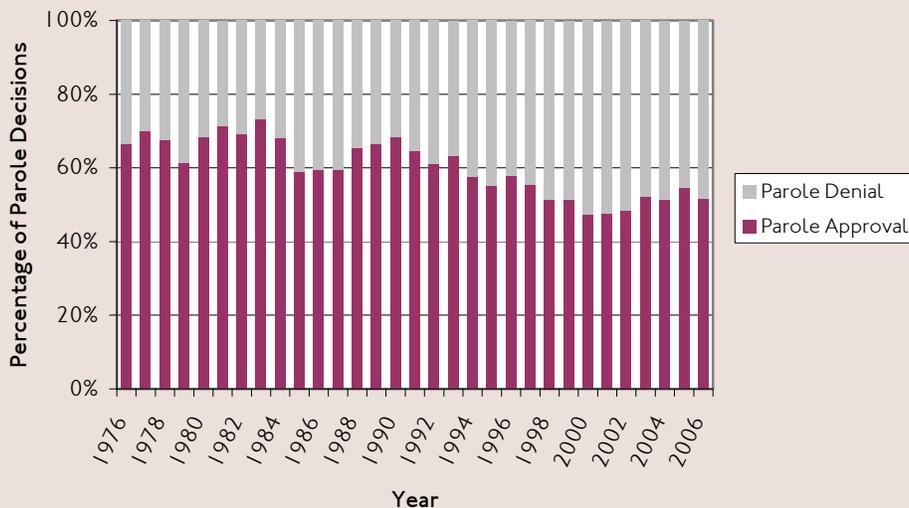
The increase in the average prisoner length of stay has had a profound effect on the growth of Michigan's prison population, annual Corrections expenditures, and Corrections workforce. When compared with national and Great Lakes states averages, Michigan's length of stay is at least one year longer each year from 1990 to 2005. The estimated effects of a one-year reduction to Michigan's average length of stay for each year from 1990 to 2005 include:

- Roughly 14,000 fewer Michigan prisoners in 2005
- A drop in the incarceration rate from 489 prisoners per 100,000 residents to 351 in 2005
- At a cost of \$28,743 per prisoner, Michigan's 2005 Corrections expenditures would decrease by \$403 million
- There would have been approximately 4,700 fewer Corrections employees in 2005 (assuming the prisoners to employee ratio remained the same)

Decreasing parole approval rates have also contributed to longer prison stays. The average annual parole approval rate was 66 percent in the years prior to the 1992 Parole Board switch and 54 percent in the years since. From 1992 to 2006 there was an average of 20,839 pa-

role cases per year. Had the parole rate experienced during the years before 1992 continued through 2006, an average of 2,500 more prisoners would have been released per year. **Chart 6** shows a downward trend of parole approval rates from 1976 to 2006.

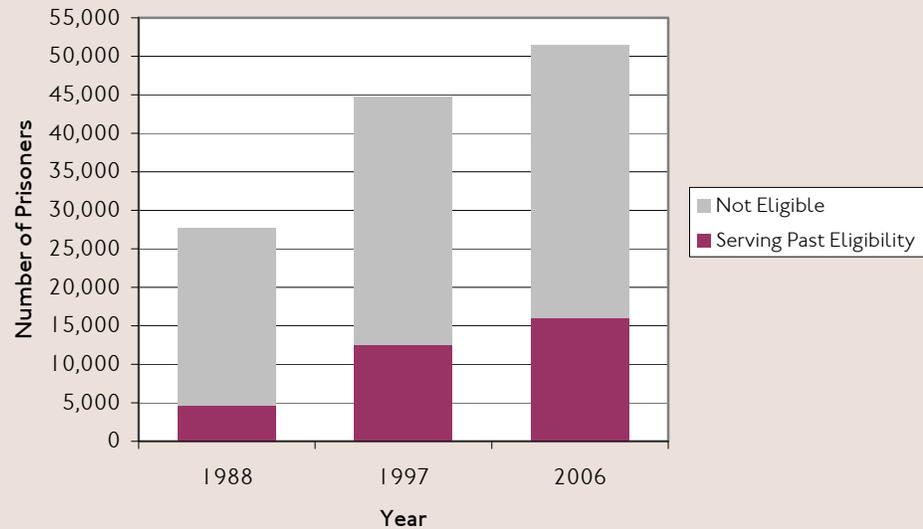
Chart 6
Parole Decisions: 1976-2006



Source: Department of Corrections Statistical Reports.

The decreasing parole approval rates are also evident in the number of prisoners serving past their parole eligibility, which in 1991 was 5,687, or 16 percent of the total population, and in 2006 was 15,950, or 31 percent (See **Chart 7**).

Chart 7
Prisoners Serving Past Parole Eligibility: 1988, 1997, and 2006



Source: Department of Corrections MPRI Quarterly Status Report July 2007, Department of Corrections Research Section May 1995, Department of Corrections Five Years After Report September 1997.

Another contributing factor to increasing lengths of stay was the interplay between parole approval rates and recidivism. As can be seen in **Chart 8**, parole approval rates decreased, while recidivism rates increased. The two are not necessarily directly related to each other, but each is indicative of conservative parole approval and revocation practices by the Michigan Parole Board.

Chart 8
Parole Approval and Recidivism Rates: 1976-2004



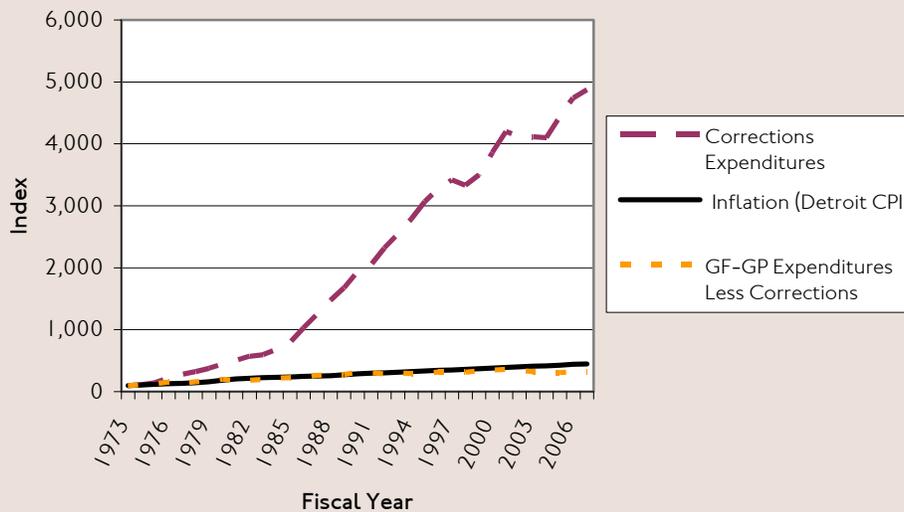
Source: Department of Corrections Statistical Reports, Department of Corrections MPRI Quarterly Status Report July 2007.

The Effects of Sustained Prison Population Growth

Expenditures. From the perspective of the State budget, the most obvious consequence of prison population growth is the growth in Department of Corrections expenditures. Corrections General Fund expenditures, which constitutes the entire support for Corrections, grew in concert with prison population growth, increasing by nearly 5,000 percent from FY73 to FY07. The growth in spending has caused MDOC

expenditures to absorb a larger portion of Michigan’s General Fund budget. MDOC spending grew from 1.6 percent (\$38 million) of total General Fund expenditures in FY73 to 20.7 percent (\$1.87 billion) by FY07. **Chart 9** shows that Corrections expenditures have grown significantly faster than General Fund expenditures in total (less Corrections) and inflation, as measured by the Detroit Consumer Price Index (CPI), over the last 34 years.

Chart 9
Corrections and General Fund-General Purpose Expenditures
Compared to Consumer Price Index: FY73-FY07



Source: Department of Civil Service, CRC calculations, U.S. Bureau of Labor Statistics www.bls.gov/cpi.

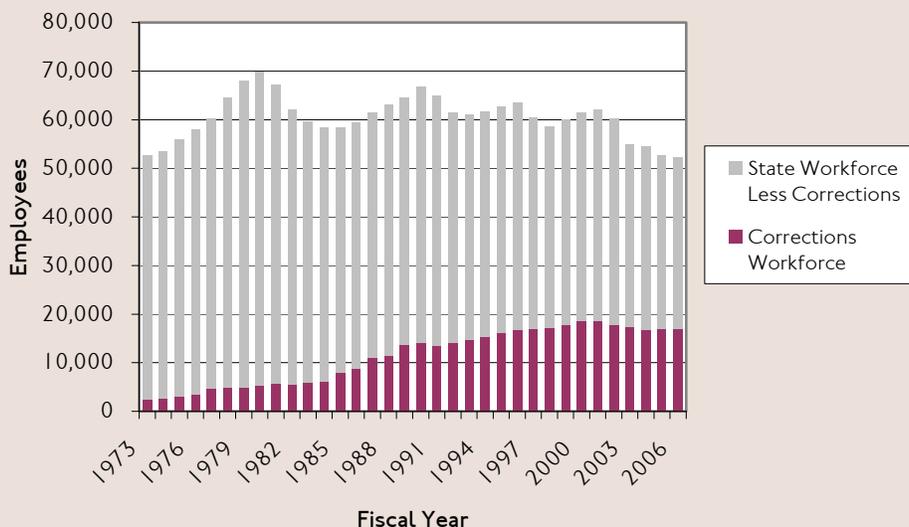
Workforce. A large portion of Corrections expenditure growth is attributable to Michigan's growing Corrections workforce. There were roughly seven times more Corrections employees in 2006 than in 1973. The percentage of the state classified workforce employed in Corrections rose from 5 percent in 1973 to 32 percent in 2006. The increase in Corrections workforce was not mirrored in the state government workforce. Overall, the number of state government employees was lower in 2006 than it was in 1973 (See **Chart 10**).

Facilities. Another component of mounting Corrections expenditures is the maintenance and operation of Michigan's correctional facilities. There were 31 more correctional facilities (prisons and camps) in Michigan in 2006 than in 1976. In 2007, the Department

of Corrections closed five correctional facilities. It should be noted that expenses related to building new correctional facilities are not included in the annual Corrections budget. Whereas the annual operating budget for the Department of Corrections supports operational costs of facilities, capital expenditures are funded in the State Building Authority (SBA) portion of the State budget.

The costs of construction and major renovation of Corrections facilities are covered by the State Building Authority with long-term, tax-exempt, revenue bonds. Payments towards outstanding debt to the SBA are made annually using General Fund dollars. Since 1993, the Michigan Legislature has authorized approximately \$500 million to be spent on prison construction and renovation.

Chart 10
State Classified Workforce: FY73-FY06



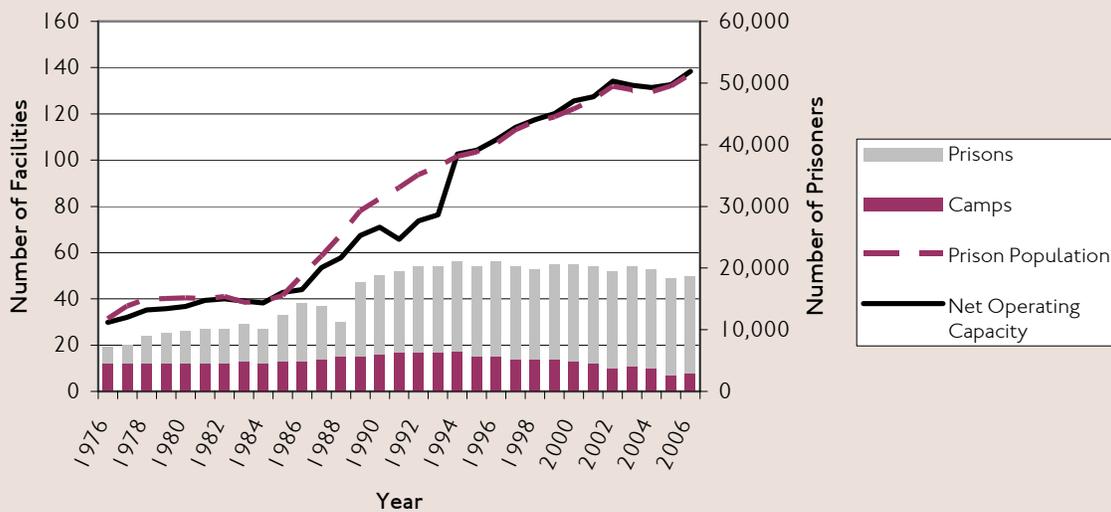
Source: Department of Civil Service.

Prison Capacity. Even with the addition of new facilities, Michigan has exceeded its net operating capacity, which is the total number of operational general population beds located in Michigan’s institutions or camps, at the end of 16 of the 30 years from 1976 to 2006. The net operating capacity changes frequently, and is not always due to facilities being opened or closed. For example, the net operating capacity rose by 10,000 prisoners from 1993 to 1994 with the addition of only two correctional facilities. In this case, the number of beds per cell was increased at some MDOC

facilities, thereby raising the net operating capacity. The net operating capacity also increased when Michigan had approximately 1,500 prisoners housed in Virginia each year from 1998 through 2000.

Each method of expanding Michigan’s net operating capacity has unique advantages and disadvantages that must be weighed against the perceived cost and capacity benefits. Unfortunately, in Michigan’s case, demand typically exceeds supply with regards to prison bed space (See **Chart II**).

Chart II
Prison Facilities, Population*, Net Operating Capacity: 1976-2006



* Annual prison population numbers do not include prisoners participating in the MDOC community residential program.

Source: Department of Corrections Statistical Reports.

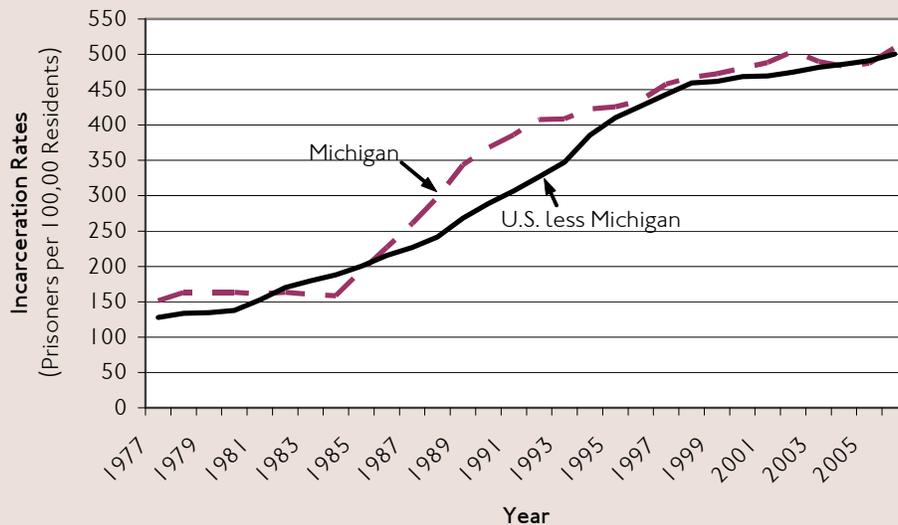
How Michigan Compares

National Comparisons

For all but a few years since as early as 1945, Michigan's incarceration rate has been above the U.S. incarceration rate. **Chart 12** shows that there was a diminishing difference between Michigan's incarceration rate and that of the U.S. from 1977 to 2006.

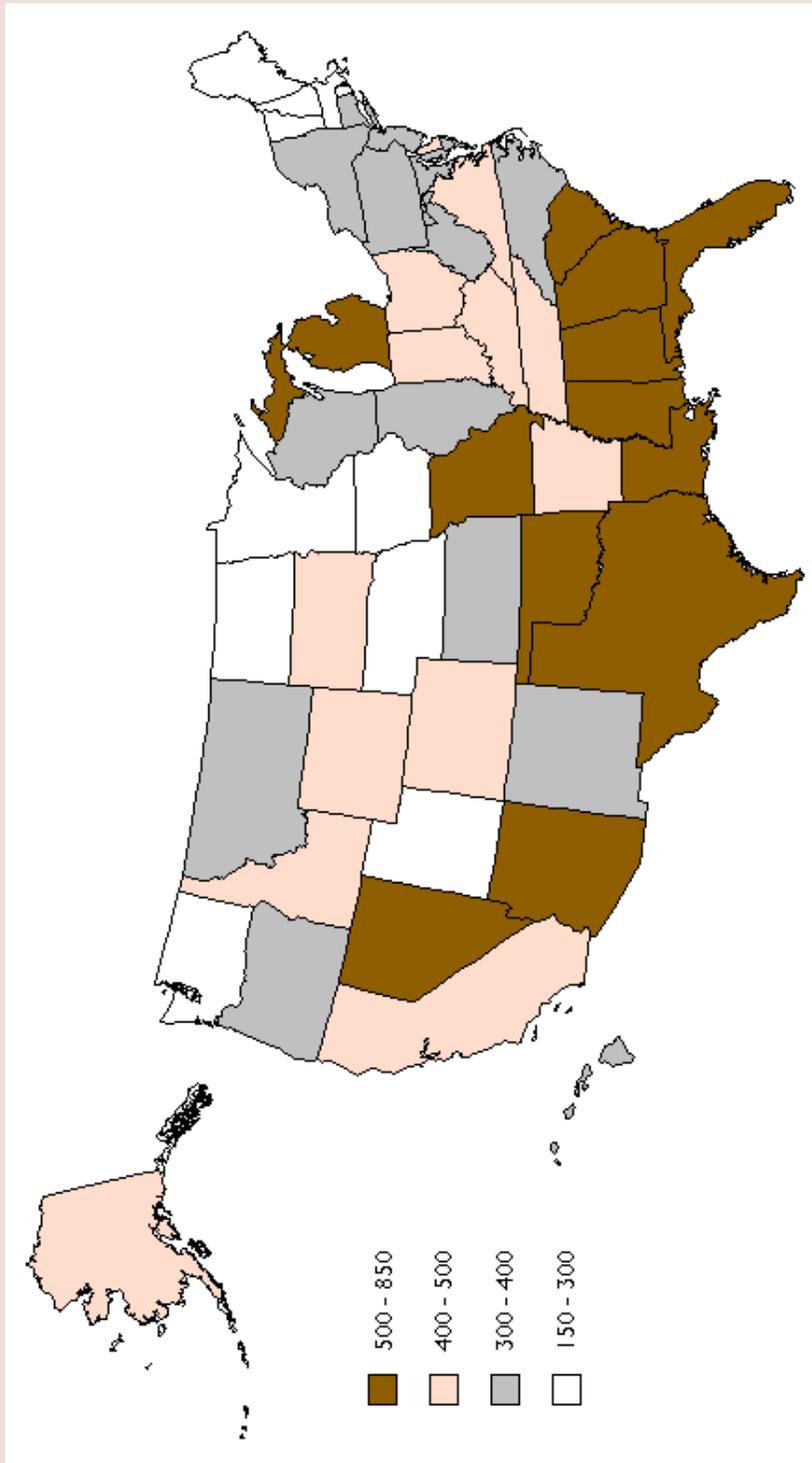
The difference between Michigan's incarceration rate and that of other states bears examination. Undoubtedly, there are many factors at play, but ultimately, prison populations grow when the number of prisoners and/or the length of time that those prisoners remain incarcerated increase.

Chart 12
U.S. and Michigan Incarceration Rates: 1977-2006



Source: U.S. Bureau of Justice Statistics www.ojp.usdoj.gov/bjs/prisons.htm.

Map 1
2006 Incarceration Rates by State
(Number of Prisoners per 100,000 State Residents)



Source: www.ojp.usdoj.gov/bjs/prisons.htm

Crime Rates and Incarceration Rates

In the United States, a considerable amount of academic research and policy debate has centered on the existence and nature of the relationship, if any, between crime rates and incarceration rates. Undoubtedly, there is some relationship between the two, since without crime there would be no need for incarceration. Likewise, it is possible that through the deterrence and incapacitation of criminal offenders that incarceration has had some dampening effect on the prevalence of crime and ultimately crime rates. At issue has been how closely, and in what ways, crime and incarceration rates are related.

From the information compiled and presented in this report, two conclusions can be made about the relationship between crime and incarceration rates:

1. Michigan's historical incarceration rate growth was not the product of increasing crime rates, but was most prominently influenced by changes in criminal justice policy and practices; and
2. Crime rates are affected by a complex set of factors, which includes, but is not limited to incarceration rates

Given that the annual crime rate declined by 42 percent and the violent crime rate remained stable from 1976 to 2006, Michigan's historical incarceration rate growth was not caused by increased crime rates. As the timeline portion of this report exhibits, incarceration rate growth in Michigan was principally the result of specific changes in the policies and practices at all levels of the criminal justice system (e.g. stiffer prosecutorial practices for habitual offenders, the removal of good-time credits, decreasing parole approval rates, and a growing number of technical rule violators).

There has been much research examining the effect of increased incarceration on crime. According to a recent literature review conducted by the Vera Institute of Justice*, increasing incarceration rates were one of a number of factors that are credited with the crime rate reductions across the U.S. since 1980. Other factors contributing to decreased crime rates include an increase in the number of police per capita, a reduction in unemployment, and increases in real wage rates and education levels. Looking forward, the Vera Institute found that although incarceration rates contributed to crime reduction in the past, there was nearly unanimous agreement among the studies reviewed that the continued growth in incarceration will prevent considerably fewer crimes than past incarceration rate increases did.

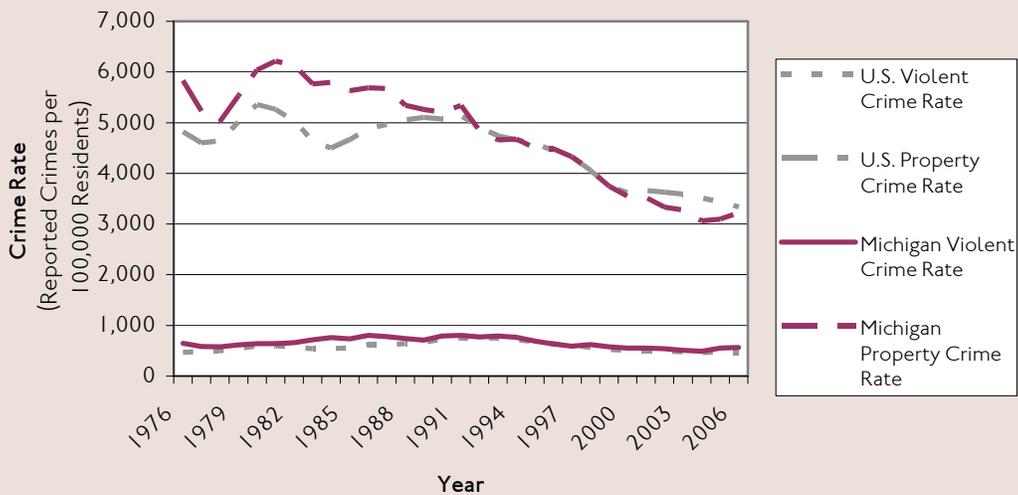
* Don Stemen, "Reconsidering Incarceration: New Directions for Reducing Crime," Vera Institute of Justice, New York, New York, January 2007.

Prison Intake

As was observed earlier, the relationship between crime rates and incarceration rates is complicated. The number of reported crimes at least in some way, influences the number of felony dispositions, which then influences annual prison commitments. The margin between Michigan's annual crime rates and the U.S. annual crime rates decreased from 1976 to 2006, with

the two being roughly equivalent since 1992 (See **Chart 13**). During the three years from 1983 to 1985 the margin between Michigan and U.S. crime rates was as large as ever, but Michigan's incarceration rate was lower than the U.S. incarceration rate; further evidence that Michigan's higher property and violent crime rates have not driven the divergence in the incarceration rates between Michigan and the U.S.

Chart 13
Michigan and U.S. Crime Rates by Type: 1976-2006



Source: FBI Uniform Crime Reporting Program, www.disastercenter.com/crime.

Table I
Michigan and U.S. Felony Dispositions: 1986 and 2004

	<u>Felony Dispositions</u>		<u>Percent Change in Felony Dispositions</u>	<u>Felony Disposition Rate (per 100,000 residents)</u>		<u>Percent Change in Felony Disposition Rate</u>
	<u>1986</u>	<u>2004</u>	<u>1986-2004</u>	<u>1986</u>	<u>2004</u>	<u>1986-2004</u>
U.S. (Less MI)	557,800	1,030,657	85%	251	377	50%
Michigan	24,964	48,263	93%	273	478	75%

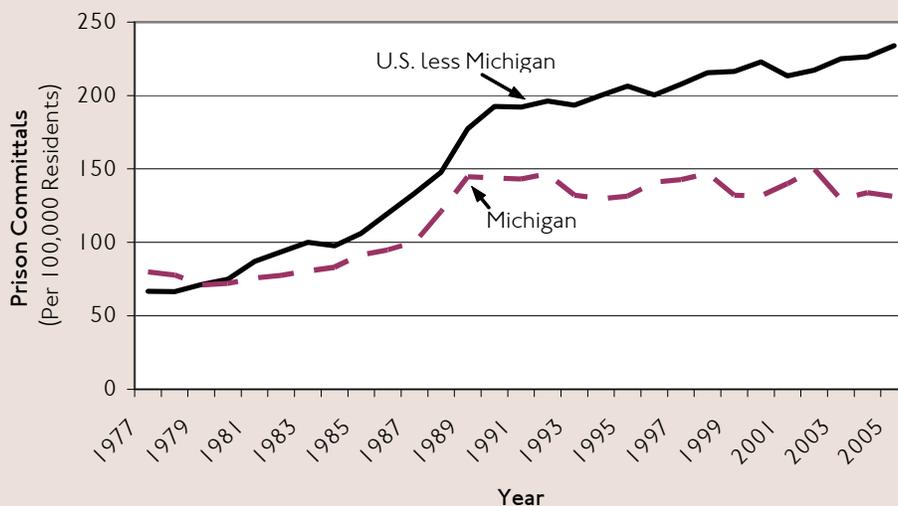
Sources: Michigan Department of Corrections Statistical Reports, U.S. Bureau of Justice Statistics Court Sentencing of Convicted Felons Bulletins

According to the most recent data available, Michigan has had a proportionally higher number of felony dispositions than the U.S. total from 1986 to 2004 (See **Table I**). The number of felony dispositions in Michigan and the U.S. both rose sharply from 1986 to 2004, but the number in Michigan increased at a faster rate.

Despite having a proportionately higher number of felony dispositions, Michigan had a markedly lower

admissions rate than the U.S. from 1980 to 2005 (See **Chart I4**). This is due to the fact that a smaller percentage of Michigan's felony dispositions result in prison sentences than the other states. In 2004, 23 percent of Michigan's felony dispositions resulted in prison sentences, while 40 percent of U.S. felony dispositions resulted in prison sentences. Michigan's reduced percentage of felony dispositions sent to prison is the result of the efforts of Michigan's Office of Com-

Chart I4
Michigan and U.S. Prison Committal Rates: 1977-2005



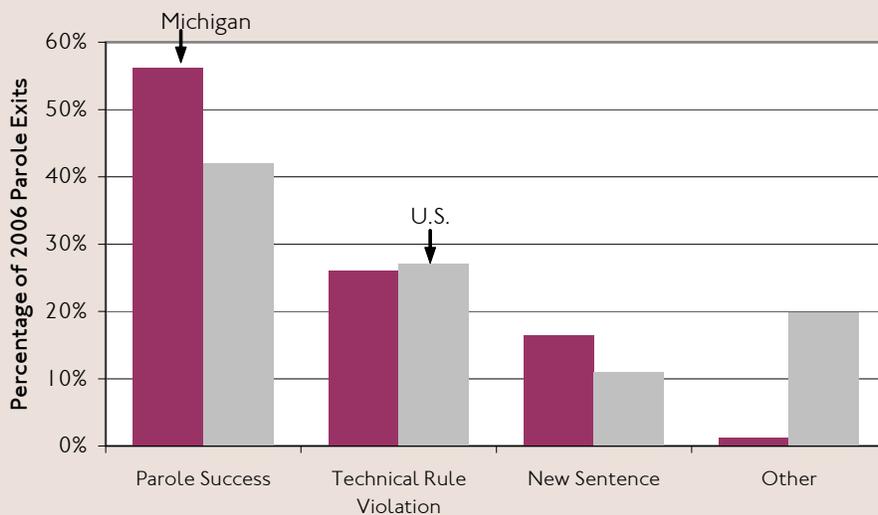
Source: CRC Calculations, U.S. Bureau of Justice Statistics Annual Admissions Spreadsheet www.ojp.usdoj.gov/bjs/prisons.htm.

munity Corrections, which has provided resources to individual communities to foster and encourage alternatives to incarceration.

Across the United States, a significant percentage of state prison admissions are the result of parole failures. In 2006, Michigan returned 17 percent of its total

parole population to prison for either a new sentence or a technical rule violation. This is aligned with the U.S. state average, which was also 17 percent. **Chart 15** shows that Michigan had a larger percentage of successful 2006 exits from parole than the total from the other reporting states.

Chart 15
2006 Michigan and U.S. State Parole Exits by Type*



* The "Other" category includes parole absconders, deaths, and jurisdiction transfers.

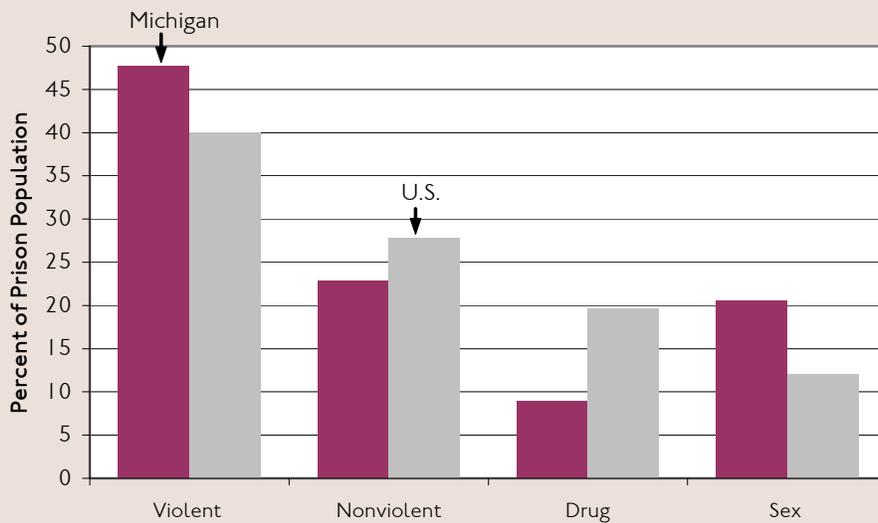
Source: U.S. Bureau of Justice Statistics Probation and Parole in the United States 2006 www.ojp.usdoj.gov/bjs/pandp.htm.

Length of Stay

In order to accurately compare the average length of incarceration in Michigan with that of the other states, consideration must be given to the differences in the composition of the prison populations by offense

type. A comparison of Michigan's prison population to the U.S. average reveals that a larger percentage of Michigan's population is composed of violent and sex offenders and a smaller percentage of offenders are nonviolent and drug offenders (See **Chart 16**).

Chart 16
2004 Prison Population by Most Serious Offense¹



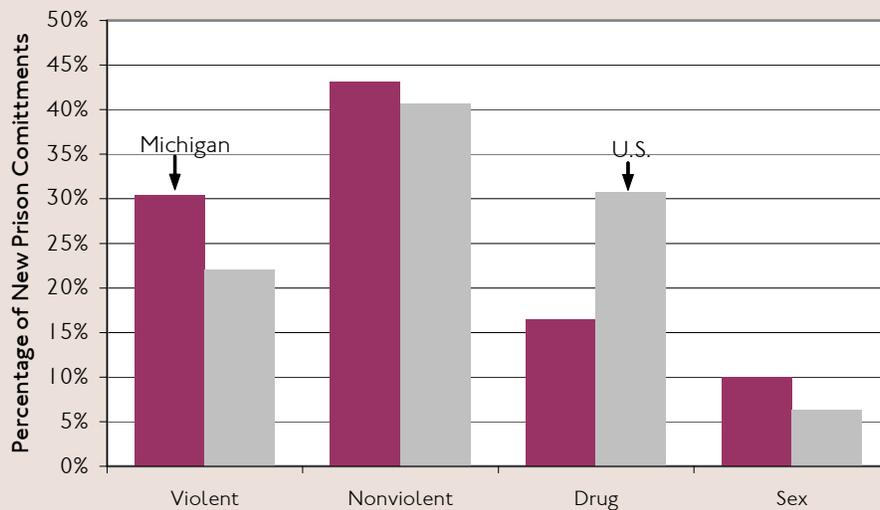
¹ For each inmate, only the offense that resulted in the longest minimum sentence was recorded.

Source: Michigan Department of Corrections 2004 Statistical Report, Bureau of Justice Statistics Prisoners in 2006 Bulletin.

Two factors contribute to Michigan having a higher percentage of violent and sex offenders in prison. The first is that Michigan annually commits a higher percentage of violent and sex offenders to prison than the other reporting U.S. states. In 2003, 30 percent of

Michigan's incoming prisoners were violent offenders and 10 percent were sex offenders. That same year, only 22 percent of the reporting states' prison admissions were violent offenders and six percent were sex offenders (See **Chart 17**).

Chart 17
2003 Prison Committals by Most Serious Offense



Source: Michigan Department of Corrections 2003 Statistical Report. Bureau of Justice Statistics, National Corrections Reporting Program 2003 www.ojp.usdoj.gov/bjs/dtdata.htm#ncrp.

The other reason that Michigan has proportionally more violent and sex offenders in prison is that parole approval rates for prisoners sentenced for violent crimes and sex offenses have dramatically decreased. The parole approval rate for violent offenders has gone from 61.2 percent in 1990 to 37.5 percent in 2005. The parole approval rate also dropped for sex offenders, from 46.5 percent in 1990 to 13.8 percent in 2005. Thus, over time offenders who would have been previously paroled based on a higher parole approval rate are now remaining incarcerated. This has caused the length of stay for violent and sex offenders in Michigan to increase.

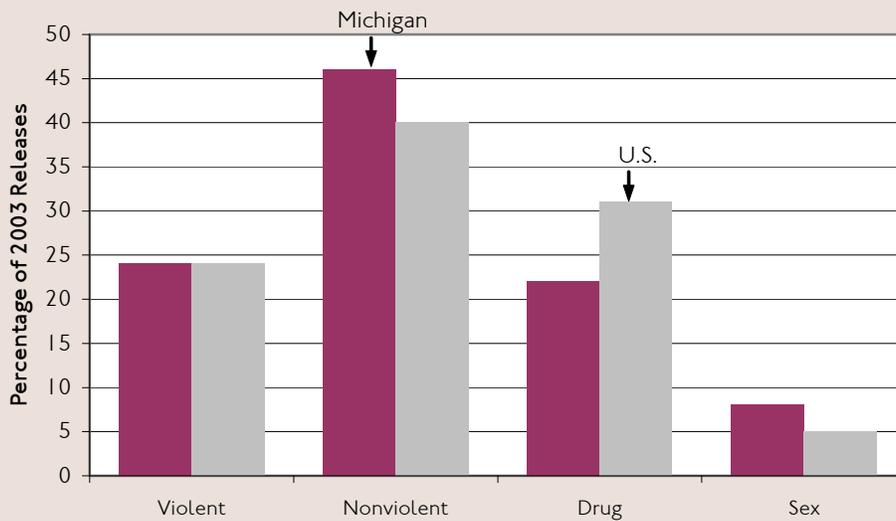
According to the Urban Institute Justice Policy Center¹¹, the average length of stay for Michigan prisoners

¹¹ Amy Solomon, Gillian Thomson, Sinead Keegan "Prisoner Reentry in Michigan" Urban Institute Justice Policy Center, Washington, D.C., October 2004.

released for the first time in 2003 was 3.7 years, or 44.4 months. This is 1.2 years longer than the national average length of stay, which was 2.5 years, or 30 months. **Chart 18** shows the most serious offense of the 2003 releases for Michigan and the other reporting U.S. States.

Given that Michigan released the same percentage of violent offenders and only a slightly larger percentage of sex offenders, the 1.2-year gap between Michigan's average length of stay and that of the other reporting states does not appear to be the result of differences among offense types of the 2003 releases. Thus, controlling for offense type, Michigan has a longer average length of stay than the other reporting states. Michigan's longer average length of stay is a principal contributor to the state's proportionally larger incarceration rates.

Chart 18
2003 Prison First Releases by Most Serious Offense*



* Prisoners released after serving time for parole or probation violations were not included.

Source: Urban Institute Justice Policy Center Prisoner Reentry in Michigan Report, Bureau of Justice Statistics Prisoners in 2003 National Corrections Reporting Program www.ojp.usdoj.gov/bjs/dtdata.htm#ncrp.

Spending

Of the ten states with higher incarceration rates than Michigan in 2005, the average annual operating cost per prisoner in 2005 was \$15,744. This was substantially lower than Michigan's annual per prisoner cost of \$28,743. This is not surprising since the states with

higher incarceration rates are predominately in southern regions where wages, utilities, and facility operation costs are considerably lower than in Michigan. States with incarceration rates comparable to Michigan's tend to have lower per prisoner operating costs (See **Table 2**).

Table 2
States With the Eleven Highest Incarceration Rates: 2005

<u>State</u>	<u>2005 Prison Population</u>	<u>2005 Incarceration Rate</u>	<u>Annual Costs Per Prisoner</u>
Louisiana	36,083	797	\$ 13,009
Texas	151,925	691	14,622
Mississippi	19,335	660	13,428
Oklahoma	23,245	652	16,986
Alabama	27,003	591	13,019
Georgia	51,404	572	17,017
Missouri	30,803	529	14,183
South Carolina	22,464	525	13,170
Arizona	31,411	521	19,795
Florida	86,563	499	22,211
Average	48,024	604	15,744
Michigan	49,337	489	28,743

Source: Pew Charitable Trusts "Public Safety, Public Spending, Forecasting Americas Prison Population 2007-2011" www.pewcenteronthestates.org/uploadedFiles/Public%20Safety%20Public%20Spending.pdf

According to a recent report from the Pew Charitable Trusts¹², in 2005, Michigan had the 15th highest annual operating cost per prisoner in the country. Of the 14 states that had a higher annual per prisoner cost, the average prison population size was 27,005, which was notably lower than Michigan's prison population of 49,337. Michigan also had the highest incarceration rate among these states (See **Table 3**). Nationally, the states with annual per prisoner costs similar to Michigan tend to have prison populations, and incarceration rates, lower than Michigan's.

According to the National Association of State Budget Officers¹³, Michigan spent the largest percentage (5.2 percent) of its total state expenditures on Corrections in 2006. This is almost two percentage points above the national average, which was 3.4 percent. Michigan's total Corrections spending per capita was also higher than the national total, with Michigan spending roughly \$70 more per capita on Corrections than the U.S. total. Both of these comparisons further illustrate that Michigan is spending more per prisoner than states with comparable incarceration rates, causing it to allocate proportionally more of total state expenditures to the Department of Corrections.

¹² "Public Safety, Public Spending, Forecasting Americas Prison Population 2007-2011 Report," Pew Charitable Trusts, Washington, D.C., June 2007.

¹³ "Fiscal Year 2006 State Expenditure Report," National Association of State Budget Officers, Washington, D.C., December 2007.

Table 3
States With the Fifteen Highest Annual Per Prisoner Costs: 2005

<u>State</u>	<u>2005 Prison Population</u>	<u>2005 Incarceration Rate</u>	<u>Annual Costs Per Prisoner</u>
Rhode Island	2,767	189	\$ 44,860
Massachusetts	10,385	239	43,026
New York	62,743	326	42,202
Alaska	2,781	414	42,082
Maine	1,905	144	35,012
California	168,982	466	34,150
Wyoming	2,047	400	33,048
Pennsylvania	42,345	340	31,029
Maryland	22,143	394	30,244
Connecticut	13,121	373	29,527
Minnesota	8,874	180	29,260
Washington	17,320	273	29,005
Wisconsin	21,110	380	28,932
Vermont	1,542	247	28,846
Average	27,005	312	34,373
Michigan	49,337	489	28,743

Source: Pew Charitable Trusts "Public Safety, Public Spending, Forecasting Americas Prison Population 2007-2011" www.pewcenteronthestates.org/uploadedFiles/Public%20Safety%20Public%20Spending.pdf.

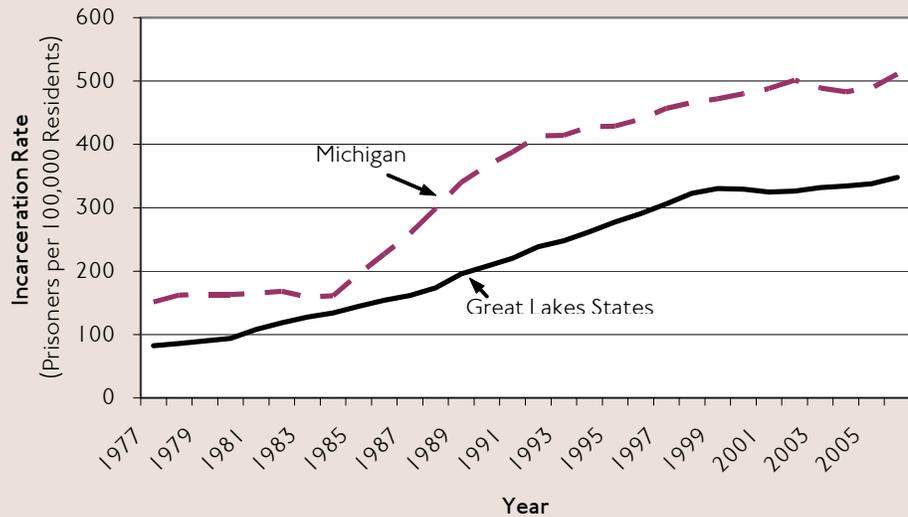
Great Lake States Comparisons

Similar to the national comparisons, Michigan's incarceration rate has been above the average of the other seven states bordering one of the Great Lakes¹⁴ for some time. In the last 30 years, the gap between Michigan's incarceration rate and that of the other Great Lakes states has increased (See **Chart 19**). In 2006, Michigan's rate was 47 percent higher than the average of the comparison states, up from 20 percent in 1984.

Prison Intake

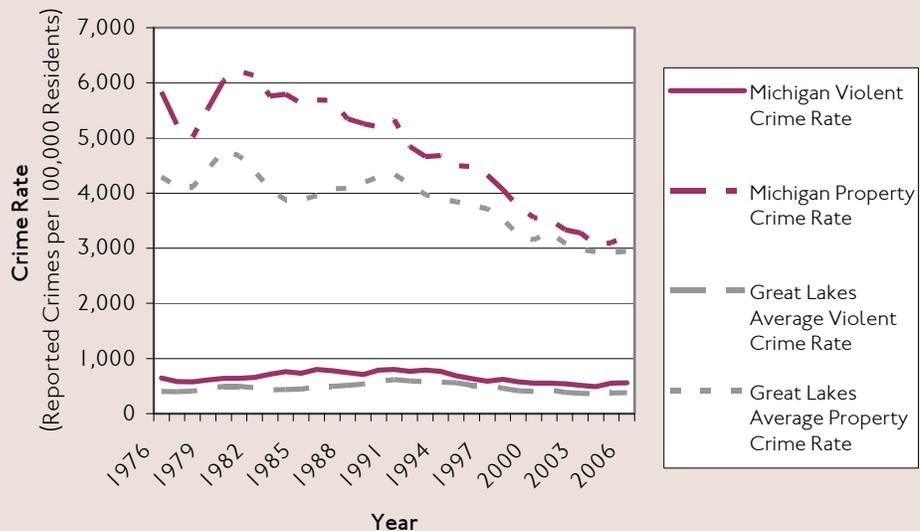
Michigan's crime rate has consistently been higher than the average of the other Great Lakes states (See **Chart 20**). Michigan's traditionally higher crime rate (and specifically, the violent crime rate) most assuredly affected the number and offense composition of new prison commitments, but differences in crime rates do not necessarily produce incarceration rate differences.

Chart 19
Michigan and Great Lakes States Incarceration Rates: 1977-2006



Source: U.S. Bureau of Justice Statistics www.ojp.usdoj.gov/bjs/prisons.htm.

Chart 20
Michigan and Great Lakes States Crime Rates by Type: 1976-2006



Source: FBI Uniform Crime Reporting Program, www.disastercenter.com/crime

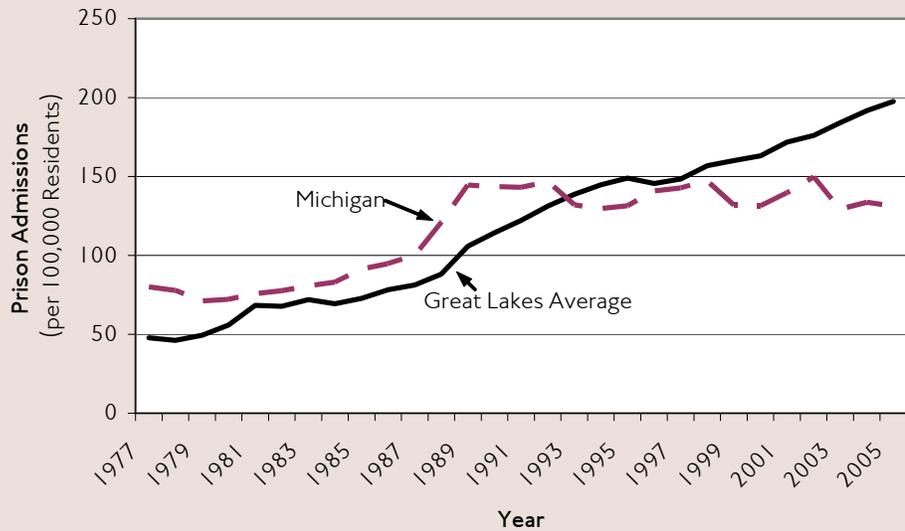
¹⁴ The seven other states that border a Great Lake are Indiana, Illinois, Minnesota, New York, Ohio, Pennsylvania, and Wisconsin.

Relative to the average of the other Great Lakes states, the number of individuals committed annually to prison in Michigan per 100,000 residents has fluctuated considerably since 1993 (See **Chart 21**). Overall, Michigan's rate has remained around 138, whereas the average of the other states has consistently increased since the early 1990s. The development of the Office of Community Corrections in 1988 contributed to Michigan's controlled prison admissions rate by increasing sanctions and services available locally to nonviolent offenders. Michigan's comparatively higher incarceration rates were not the product of Michigan's comparatively low admissions rates.

As is the case nationally, a significant percentage of the Great Lakes states' prison admissions are the result of parole failures. In 2006, Michigan returned 17 percent of its total parole population to prison for either a new criminal offense or a technical rule violation. This is slightly higher than the Great Lakes average¹⁵, which was 15 percent. **Chart 22** shows that Michigan had

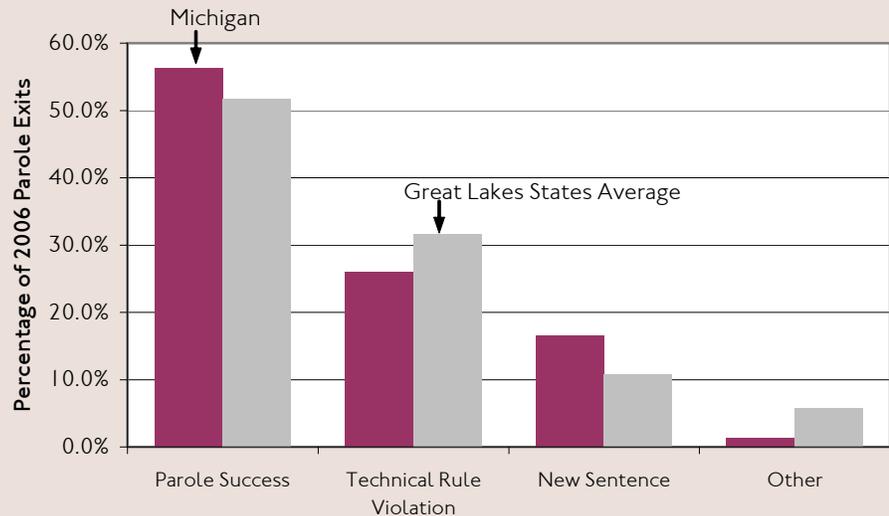
¹⁵ Illinois did not report data.

Chart 21
Michigan and Great Lakes States Prison Committal Rates: 1977-2005



Source: CRC Calculations, U.S. Bureau of Justice Statistics Annual Admissions Spreadsheet www.ojp.usdoj.gov/bjs/prisons.htm.

Chart 22
2006 Michigan and Great Lakes States' Parole Exits by Type



* Illinois and Indiana did not report complete data and were excluded.

Source: U.S. Bureau of Justice Statistics Probation and Parole in the United States 2006 www.ojp.usdoj.gov/bjs/pandp.htm.

a larger percentage of successful 2006 exits from parole than the average of the other comparison states.

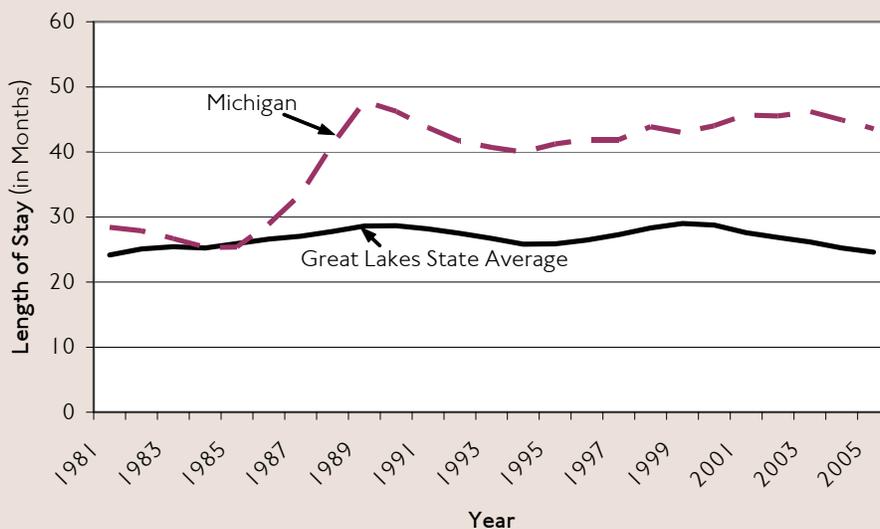
Length of Stay

There is limited data detailing the composition of the Great Lakes states prison populations by offense type. Without this data it is not possible to control for offense type when comparing the average prisoner length of stay of Michigan and the Great Lakes states, which is critical for the purposes of doing cross-state comparisons of this nature. However, given that Michigan was a stark outlier in national length of stay comparisons, which did control for offense type, it is reasonable to assume that offense type is not the primary cause of Michigan's longer average length of stay when compared to the Great Lakes states. **Chart 23** shows

that the average length of stay for Michigan grew rapidly in the late 1980's and was, on average, 16 months (1.3 years) longer than the average of the other Great Lakes states from 1990 to 2005.

Michigan's average length of stay is substantially longer than the average of the other Great Lakes states. As was mentioned before, if Michigan's average length of stay were comparable to the average of the other Great Lakes states from 1990 to 2005, then Michigan's 2005 incarceration rate would have dropped from 489 to 351 prisoners per 100,000 residents, which is only slightly higher than the Great Lakes average rate of 338 prisoners per 100,000 residents. Michigan's tendency to keep prisoners incarcerated longer is a principal contributor to the state's proportionally higher incarceration rates.

Chart 23
Michigan and Great Lakes States Estimated Average Length of Stay: 1981-2005 (five-year smoothed average)



Source: CRC Calculations, U.S. Bureau of Justice Statistics Annual Releases Spreadsheet www.ojp.usdoj.gov/bjs/prisons.htm.

Spending

In 2005, Michigan's average annual Corrections employee salary was roughly \$9,000 more than the average of the other Great Lake states and Michigan's an-

nual operating cost per prisoner was roughly \$500 higher (See **Table 4**).

Table 4
2005 Prison Populations, Incarceration Rates, Average Salary, Annual Per Prisoner Costs in Great Lakes States

	<u>Prison Population</u>	<u>Incarceration Rate</u> (per 100,000 residents)	<u>Incarceration Rate as a Percentage of Michigan's Rate</u>	<u>Average Corrections Salary</u>	<u>Annual Costs Per Prisoner</u>
Illinois	44,919	351	71.8%	\$ 51,507	\$ 21,622
Indiana	24,416	388	79.3%	33,521	21,531
Minnesota	8,874	180	36.8%	44,252	29,260
New York	62,743	326	66.7%	60,713	42,202
Ohio	45,854	400	81.8%	34,091	23,011
Pennsylvania	42,345	340	69.5%	45,845	31,029
Wisconsin	21,110	380	77.7%	41,845	28,932
Average		338	69.1%	\$44,487	\$28,227
Michigan	49,337	489		\$53,268	\$28,743

Sources: Pew Charitable Trusts, Public Safety, Public Spending, Forecasting Americas Prison Population 2007-2011; Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2005

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In 2006, 5.2 percent of Michigan's total state expenditures were spent in the Department of Corrections. This is over two points above the average of the other Great Lakes states, which was 2.9 percent. Michigan's total Corrections spending per capita was \$82 more than the average of the other comparison states. Since

the cost per prisoner among the Great Lakes states is comparable, Michigan's proportionately higher Corrections expenditures are the direct result of its elevated incarceration rate and higher average Corrections employee salary.

Table 5
2006 Total Corrections Expenditure Comparisons
Great Lakes States

	<u>Total Corrections Expenditures</u> (millions)	<u>Total Corrections Expenditures as a Percent of Total State Expenditures</u>	<u>Total Corrections Spending per Capita</u>
Illinois	\$ 1,131	2.6%	\$ 88
Indiana	667	3.1%	106
Minnesota	433	1.7%	84
New York	2,834	2.7%	147
Ohio	1,967	3.7%	171
Pennsylvania	1,860	3.5%	150
Wisconsin	1,091	3.3%	196
Average	1,426	2.9%	\$135
Michigan	2,189	5.2%	\$217

Source: National Association of State Budget Officers, 2006 State Expenditure Report, www.nasbo.org/Publications/PDFs/fy2006er.pdf.

Future Outlook

Prison Populations

Prison populations have increased continually throughout the last 34 years. In these years, prison population and Corrections expenditures have exhibited a strong positive correlation. For this reason, projecting prison populations based on current policies and practices provides a rough benchmark to help gauge spending pressures that will confront policy makers in the future.

The Department of Corrections annually projects prison populations for the next five years. In February 2008, the Department released its figures through 2012, which indicate populations will rise by 5,800 inmates or just over 11 percent (slightly over 2 percent annually) between the end of 2007 and the end of 2012.

Spending

Using these prison population projections, estimates of future spending pressures were developed. The addition of nearly 1,200 prisoners to the system each year will add, on average, \$46 million to the DOC budget alone. Combined with other expected operational cost economic increases not exclusively stemming from prison population increases, total projected 2012 Department of Corrections spending pressures will grow to over \$2.6 billion (See **Table 6**). Projections of the other future expenses were developed by partitioning the DOC budget into five spending areas: employee compensation, hospital costs, pharmaceutical costs, mental health services expenses, and other expenses. A specific growth factor was applied to the FY08 base amount for each area.

Table 6
Projected Prison Populations and Spending Pressures: 2008-2012
 (Dollars in Millions)

Year	Projected Prison Population	Projected Spending Pressures	Projected Increase in Spending Pressures Attributable to Prison Population Growth
2008*	51,434	\$ 1,996.1	
2009	52,140	2,118.5	\$ 41.5
2010	53,638	2,250.9	44.1
2011	55,164	2,415.7	47.3
2012	56,134	2,593.8	50.8

* FY08 General Fund appropriated amount

Source: CRC Calculations, Department of Corrections 2008 Prison Population Projection Report [www.michigan.gov/documents/corrections/02-01-08 - Section 401 223262 7.pdf](http://www.michigan.gov/documents/corrections/02-01-08_-_Section_401_223262_7.pdf)

Projected Spending Pressures Versus Historical Trends

The projected spending pressures presented above increase annually at a rate of 6.8 percent. This is markedly higher than the 3.9 percent annual growth rate of the expenditure forecast derived from the Corrections spending trends of the last 34 years. When the Corrections spending patterns of the last seven years are used to create an expenditure forecast, the annual growth rate is 5.1 percent. The margin between the growth rates of the projected spending pressures and each of the historical expenditure forecasts indicates that the annual cost per prisoner is projected to rise. Table 7 compares the projected spending pressures of this report with two expenditure estimates, using historical average growth rates to project future spending.

Table 7
Projected Spending Pressures Versus Historical Forecasts*: 2007-2011
(Dollars in Millions)

	Projected Spending (<u>separate growth factors</u>)	Projected Spending (<u>1973-2007</u>)	Projected Spending (<u>2000-2007</u>)
2008	\$1,996.1	\$1,996.1	\$1,996.1
2009	2,118.5	2,041.0	2,058.9
2010	2,250.9	2,147.6	2,196.6
2011	2,415.7	2,256.0	2,342.9
2012	2,593.8	2,326.5	2,439.2
Annual Growth Rate	6.8 percent	3.9 percent	5.1 percent

* To develop these expenditure forecasts, the statistical relationship between prison population size and MDOC expenditures for each time period was modeled with a mathematical function. Then the MDOC projected annual prison populations were entered into each mathematical function, yielding annual MDOC expenditures consistent with the statistical relationship of each time period.

Source: CRC Calculations

Workforce

The expanding prison population will also place pressure on the Corrections workforce. Despite recent budget constraints slowing the growth of the Corrections workforce, the addition of roughly 5,800 prisoners in the next five years will likely necessitate an increase in the size of the Corrections workforce. While technology and other measures may be employed to delay and mitigate the hiring of additional correctional officers and parole officers, MDOC will be forced to increase staff to ensure the safety of those being supervised as well as those responsible for supervising prisoners.

Aging Population

Michigan Department of Corrections statistics show the average age of prisoners to be increasing, from 30.6 years in 1985 to 36 years in 2007. With an increasing average length of stay in prison, this aging trend can be expected to increase. The Michigan Department of Corrections reports that the percentage of new prison admissions age 40 and older has increased substantially, from 18.6 percent of the total in 1988 to 24.3 percent of the total in 2004. This increase has occurred as the percentage of those 19 years and under has declined. An aging prison population portends additional spending pressures as health care costs rise commensurate with prisoner age. Generally speaking, older prisoners will require additional and more expensive kinds of medical care.

Health Care

In addition to higher spending resulting from growth in the number of prisoners, the Department of Cor-

rections budget will be confronted with cost increases associated with prisoner health care. In 1976, the United States Supreme Court ruled that prison inmates have a constitutional right to health care and withholding such care constitutes cruel and unusual punishment under the 8th Amendment of the U.S. Constitution¹⁶. Therefore, the State of Michigan is mandated to provide health care services to those individuals under its supervision. Prisoner health care costs are largely unavoidable and will have to be addressed through additional general fund allocations. Increases in these costs will follow, generally, the health care spending trends projected for the general population.

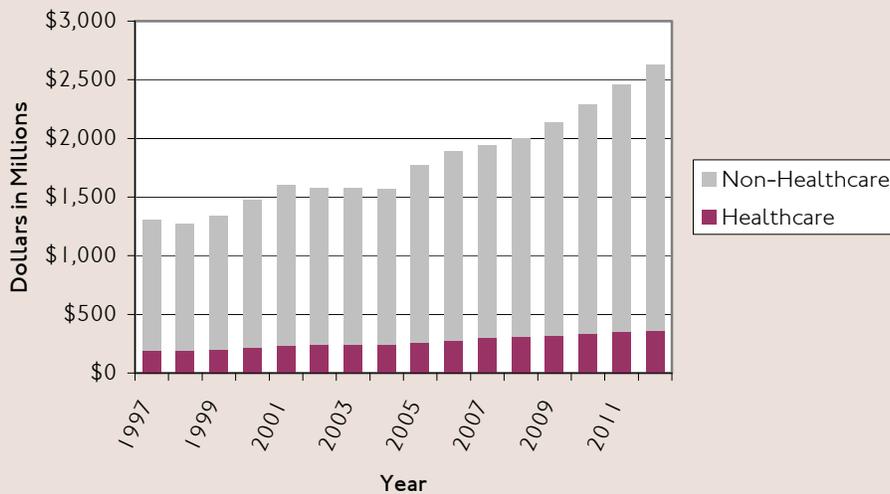
The Department of Corrections spent over \$274 million on prison health care in FY06. The Department implemented managed care for the provision of health services in 1997, helping to moderate the growth in health care costs. Despite the implementation of the managed care model, the average annual per prisoner health care cost jumped from \$4,227 in FY97 to \$5,492 in FY06, a 30 percent change. This rise is attributable to a number of factors, including increased referrals to specialists outside the prison setting and more hospital stays for prisoners. The State's prisoner health care bill is also directly affected by the health status of individuals entering prison. Chronic diseases (e.g., diabetes, high blood pressure), substance abuse, and mental illness, are examples of ailments afflicting prisoners when they enter the system that subsequently become the responsibility of the State. As the cost of treating these ailments rises and the number of prisoners afflicted with these conditions increases, the spending pressures facing the Department of Corrections can be expected to escalate concomitantly. The increased use of pharmaceuticals may add to overall health care spending in the Department.

¹⁶ U.S. Supreme Court, *Estelle v. Gamble*, 429 U.S. 97 (1976).

Total inmate health expenditures rose from \$189 million in FY97 to \$274 million in FY06, an annualized growth rate of 4.2 percent. This growth path suggests that annual health care spending will rise \$15 million per year during the five-year forecast period for this component of the Corrections budget. As result, in FY12, the state’s annual prisoner health care bill will be \$364 million, almost two times larger than it was in FY97 (See **Chart 24**). As the average age of the prison population rises, these costs will climb even higher.

It is important to recognize that the State will shoulder the entire burden of these health care cost increases. The inmate population is not eligible to participate in either the Medicare or Medicaid programs. As a result, health care costs for individuals who would be covered by these programs outside of the prison setting and subject to federal/state cost-sharing (Medicaid) or covered with federal dollars (Medicare) will have to be paid with State of Michigan resources.

Chart 24
Corrections Healthcare Expenditures (Projected): 1997-2012



Source: Department of Corrections Statistical Reports, CRC Calculations.

Conclusion

This report has documented the growth of the Michigan prison system and has provided comparisons with the experiences in other states. Corrections has grown rapidly over the past 35 years and has assumed a magnitude at which it has become central to the solution of the Michigan structural deficit problem. Unless the growth path is altered so that the program can be supported by projected revenues, the difficult budgetary decisions of the past seven years will only be repeated.

It is unlikely that any single policy change will accomplish the task. Numerous alternatives will need to be explored in order to develop a policy that will achieve the desired results. Whether the rate of prisoner intake is reduced, the length of stay shortened, or other changes adopted, however, the fiscal benefits resulting from any reforms aimed at controlling inmate population and spending growth will have to be weighed against any risks to public safety that might ensue or other programs that might have to be expanded.