

**SPECIAL EDITION**

**DEPARTMENT ANNOUNCES PLAN  
TO ADDRESS BUDGET DEFICIT**

Despite implementing a broad array of operational efficiencies and spending restrictions, Fiscal Year (FY) 2009-10 General Fund/General Purpose (GF/GP) expenditures for the Michigan Department of Corrections (MDOC) are projected to exceed available funding by \$46 million. The additional GF/GP costs derive from various factors, including: delays in closing Standish Correctional Facility and Camp Lehman; a delay in closing Muskegon Correctional Facility; and housing about 1,300 prisoners in beds for which the Department has not been funded - the costs of which have been compounded by higher-than-anticipated costs for worker's compensation benefits and a continuing shortfall in offender fee revenue.

**SAVINGS MEASURES**

To further reduce costs, the Department is examining every aspect of its operations and is moving forward with a number of efforts, including:

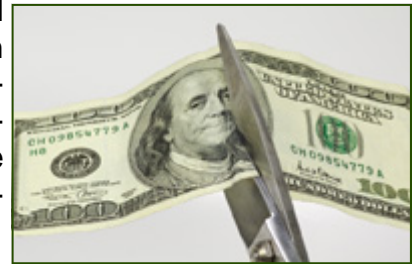
- Temporarily closing housing units to reduce overtime costs and transferring prisoners to available beds elsewhere in the same or nearby facilities.
- Sharply restricting purchasing while speeding implementation of supply chain reforms. The Department has been operating under purchasing restrictions for some time, and some supply chain reforms, such as standardization of menus, are underway, but additional savings are achievable through stronger curbs on spending and speedy adoption of a leaner process for purchasing, transporting, and delivering materials and people. Implementation is ongoing.
- Further delaying several non-urgent contracts that have experienced delays in getting underway. Contracts that provide prisoner or parolee services would not be affected.
- Reducing Correctional Facilities Administration (CFA) from three to two regional administrations, eliminating one regional administrator and concurrently reducing and centralizing various administrative, health care, maintenance, and business office functions.
- Reviewing all positions throughout the Department for further reductions.
- Reducing overtime costs by eliminating overtime for most non-custody staff, delaying all non-mandatory training that could tend to drive up overtime, and by confirming the appropriateness of all long-term leaves.

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- Augmenting the state's hiring freeze with a departmental ban on filling positions with anyone from outside the Department. Very few exceptions will be made (e.g. nurses and parole and probation officers).

As a result of these actions, employees may be subject to layoffs, reassignments, and transfers. Human resource representatives will work with employees to ensure their employee preference forms are updated. All employees are encouraged to review their preference form prior to necessary administrative actions.

Collectively, the Department's actions for the current fiscal year will significantly impact the \$46 million deficit, however these actions alone will not eliminate the entire short-fall. Further actions in FY 2010-11 will create additional savings through supply chain transformation, reductions in regional administration and related functions, consolidation of contiguous correctional facilities and more. However, if the enacted FY 2010-12 budget fails to fund the three percent raise the Department is contractually obligated to provide to unionized employees, the FY 2010-11 budget will be underfunded by \$36 million.



Undertaking these efforts will create hardship for our dedicated employees, but the Department remains committed to protecting the public through sound management of felony offenders, including safe and secure institutions, adequate health care, appropriate housing and programs that promote both public safety and sound fiscal policy by reducing the incidence of re-offending.

**F.Y.I.** will provide updates on the current budget situation and the FY 2010-11 budget process as they become available.