

Drug Policies in the State of Michigan: Economic Effects

April, 2003

Nancy E. Walker



Center , for
Youth , Policy , Research

Francisco A. Villarruel
Thomas Judd
Jessica Roman

Institute for Children, Youth, and Families



**MICHIGAN STATE
UNIVERSITY**

Suite 27 Kellogg Center
East Lansing, MI 48824-1022
Tel: (517) 353-6617/ Fax: (517) 432-2022
Web: www.icyf.msu.edu

The Problem

Drug use is a major problem in the State of Michigan, as it is nationally, and the cost of imprisoning drug offenders creates a major burden on the state.

At a cost of approximately \$28,000 per person, the State of Michigan currently spends in excess of \$160 million dollars each year to incarcerate drug offenders.¹ The actual cost to Michigan taxpayers is much higher because costs of incarceration do *not* include costs associated with crime investigation, prosecution, and defense of individuals charged with drug offenses.

Nationwide, 80% of all offenders in prisons and jails—about 1.5 million individuals—are substance abusers, and two-thirds of the 3 million probationers under court supervision are involved with alcohol or drugs.² Of the approximately 50,000 individuals imprisoned in 2001 in Michigan, 5,713 were incarcerated specifically for drug offenses—up from a few hundred in the 1980s.³ These figures actually understate the problem of substance abuse among those who are incarcerated, however. Many prisoners have drug problems that, in many cases, led directly to the non-drug-related offense resulting in incarceration. Currently in Michigan, an estimated 71% of males and 74% of females in the criminal justice system have been assessed as having a substance abuse or dependency problem, 63% with dependency.⁴ Additionally, many state prisoners currently are incarcerated because they violated technical conditions of their parole or probation by testing positive for an illegal substance.

Purpose of this Report

This report provides information on the scale and costs of the problem of drug use in Michigan. It analyzes the effectiveness and cost efficiency of the state's current drug policies, which focus on using the justice system as a vehicle to solve the problem of drug use. Specifically, the report examines the economic effects of drug policies in the State of Michigan from 1980 to the present and provides a set of findings related to five key questions:

¹ Michigan Department of Corrections *Statistical Reports (1999)*.

² www.michigan.gov/documents/Drug_Treatment_Courts.

³ Michigan Department of Corrections Records Department, December 10, 2002.

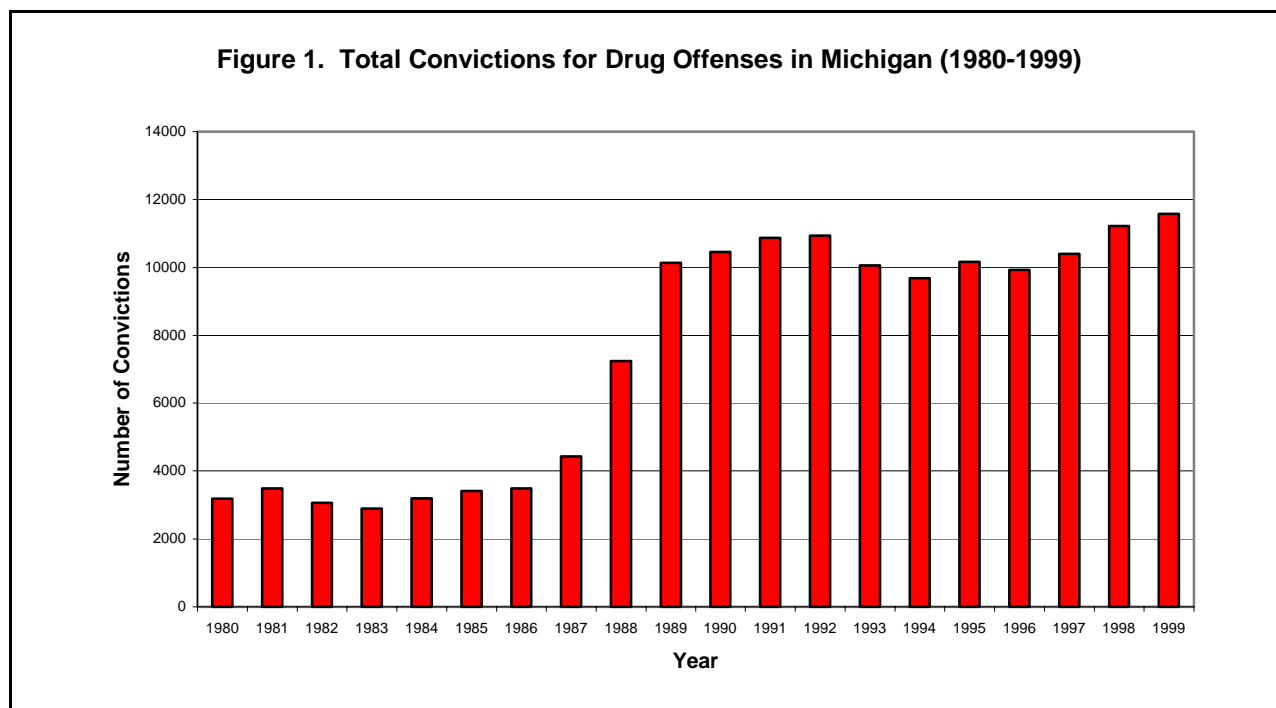
⁴ Michigan Department of Corrections *Annual Report Fiscal Year 2000/2001*, Substance Abuse Program Section.

1. How have convictions and prison commitments for drug violations and parole violations changed in Michigan since 1980, and how has the frequency of treatment in institutions, changed?
2. How serious is the problem of drug use in Michigan?
3. How do the costs of incarcerating individuals convicted of drug offenses compare with the costs of providing drug rehabilitation treatment to offenders in Michigan?
4. How much money could Michigan save by diverting 50% of individuals currently incarcerated for drug offenses to residential treatment?

1. How have convictions and prison commitments for drug violations and parole violations changed in Michigan since 1980, and how has the frequency of treatment in institutions changed?

Convictions for drug violations in Michigan have increased significantly since 1986, with the majority of convictions for drug offenses for possession of small quantities of controlled substances. Since 1980, significantly more individuals convicted of drug violations in Michigan have been imprisoned, jailed, and put on probation. Individuals convicted of manufacturing or delivering drugs in Michigan have been increasingly likely to be sentenced to prison since 1980, while individuals convicted of possessing drugs in Michigan have been increasingly likely to be sentenced to jail. The need for substance abuse treatment in the Michigan Department of Corrections continues to grow. In addition, many drug commitments and incarcerations involve probation and parole violations.

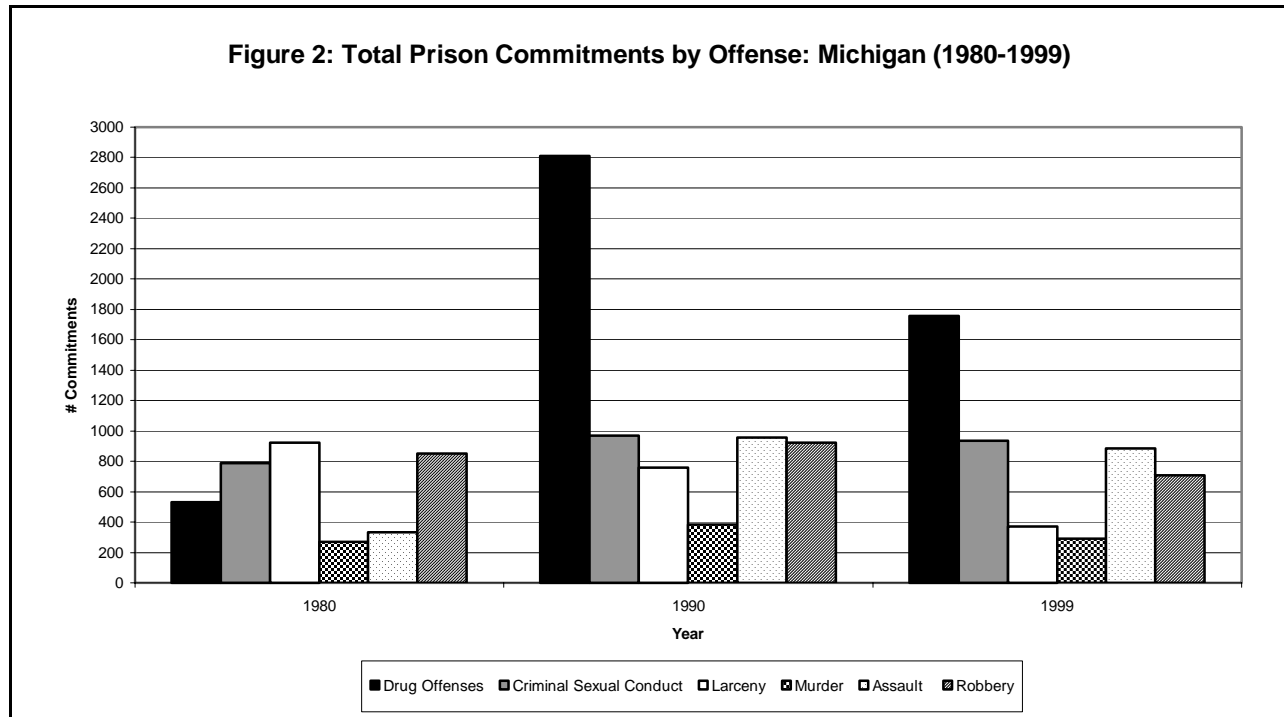
Convictions for drug violations in Michigan have increased significantly since 1986, with the majority of convictions and imprisonments involving a small quantity of controlled substances. Annual total convictions for drug offenses in Michigan increased by 264% from 1980 (3,182) to 1999 (11,582). (See Figure 1.)



Source: Michigan Department of Corrections *Statistical Reports* (1980-1999). This figure depicts cases brought before the courts, *not* individuals sentenced to prison, jail, or probation. Multiple dispositions for the same offender, from the same sentencing county in the same year, were counted as follows: (1) Dispositions for the same offender that occurred three or more months apart were counted separately. (2) Dispositions for the same offender that occurred less than three months apart were counted only once,

according to the following sequence: (a) The most severe disposition was counted; (b) if of equal severity, then the disposition with the longest minimum term was counted; (c) if equal minimum terms, then the disposition with the longest maximum term was counted.

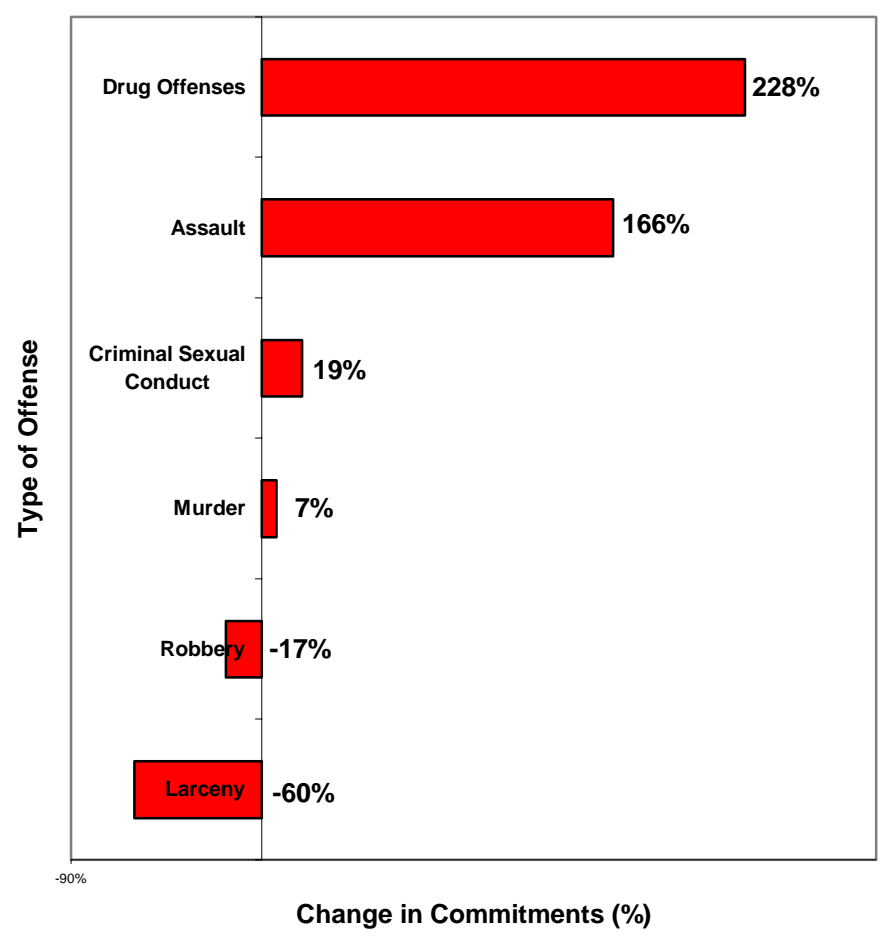
Figure 2 provides primary offense sentencing information for Michigan (1980-1999). This figure illustrates the disproportionately high rate of prison commitments for drug offenses, compared to all other crimes, during the 1990s, as well as the significant increase in prison commitments for drug offenses from 1980 to 1999.



Source: Michigan Department of Corrections *Statistical Reports* (1980, 1990, 1999). This figure depicts cases brought before the courts, *not* individuals sentenced to prison, jail, or probation. Multiple dispositions for the same offender, from the same sentencing county in the same year, were counted as follows: (1) Dispositions for the same offender that occurred three or more months apart were counted separately. (2) Dispositions for the same offender that occurred less than three months apart were counted only once, according to the following sequence: (a) The most severe disposition was counted; (b) if of equal severity, then the disposition with the longest minimum term was counted; (c) if equal minimum terms, then the disposition with the longest maximum term was counted.

As Figures 2 and 3 show, from 1980 to 1999, commitments for drug violations in Michigan increased from 529 to 1,736 (+228%); commitments for other offenses either grew by significantly smaller percentages or fell. Commitments for assault increased from 333 to 886 (+166%), for criminal sexual conduct from 790 to 937 (+19%), and for murder from 269 to 289 (+7%). Prison commitments for robbery fell from 850 to 708 (-17%), while commitments for larceny fell from 921 to 372 (-60%).

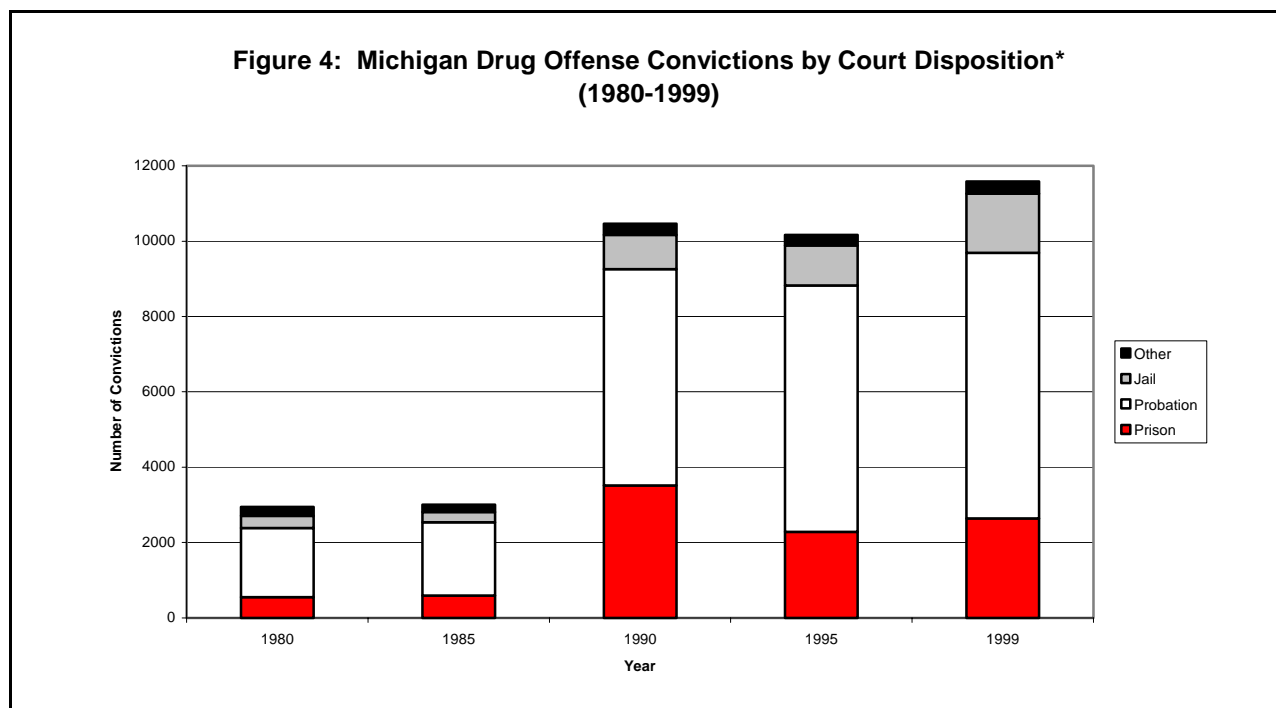
Figure 3. Percent Change in Commitments by Offense Type (1980-1999)



Of the 5,734 individuals in prison for drug offenses in 2001, 4,019 were convicted for offenses involving 50 grams or less of drugs.⁵

⁵ Michigan Department of Corrections Records Department, December 10, 2002.

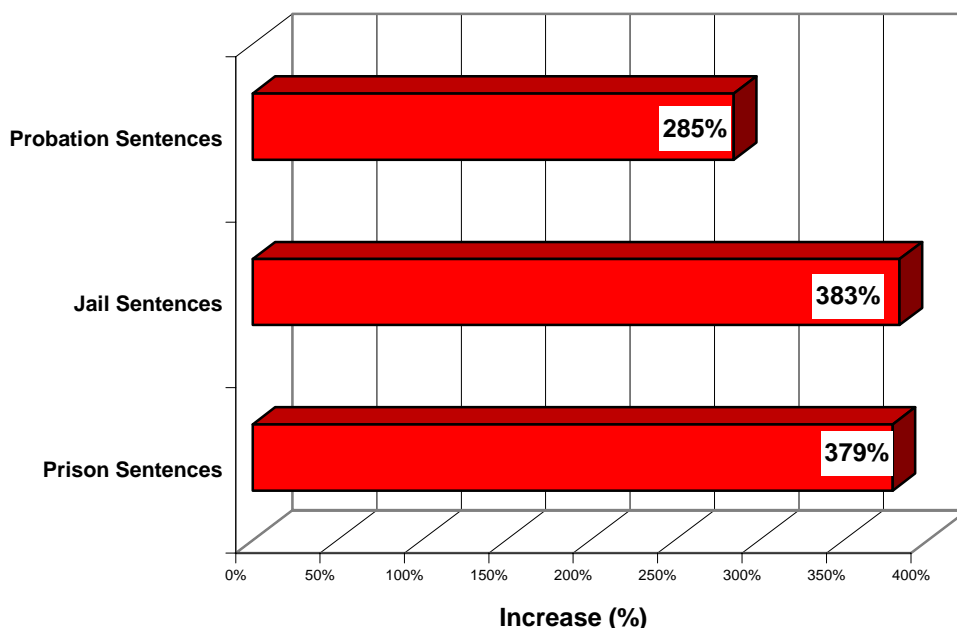
Figure 4 depicts Michigan drug offense convictions by court disposition from 1980 to 1999.



Source: Michigan Department of Corrections *Statistical Reports* (1980, 1985, 1990, 1995, 1999). This figure depicts cases brought before the courts, *not* individuals sentenced to prison, jail, or probation. Multiple dispositions for the same offender, from the same sentencing county in the same year, were counted as follows: (1) Dispositions for the same offender that occurred three or more months apart were counted separately. (2) Dispositions for the same offender that occurred less than three months apart were counted only once, according to the following sequence: (a) The most severe disposition was counted; (b) if of equal severity, then the disposition with the longest minimum term was counted; (c) if equal minimum terms, then the disposition with the longest maximum term was counted.

As Figure 5 shows, since 1980 prison sentences for drug offenses increased 379%, from 551 to 2,639. During the same period, jail sentences for drug offenses increased 383%, from 324 to 1,564; probation sentences for drug offenses increased 285%, from 1,835 to 7,056.

Figure 5: Percent Increase in Probation, Jail, and Prison Sentences for Drug Offenses: Michigan (1980-1999)

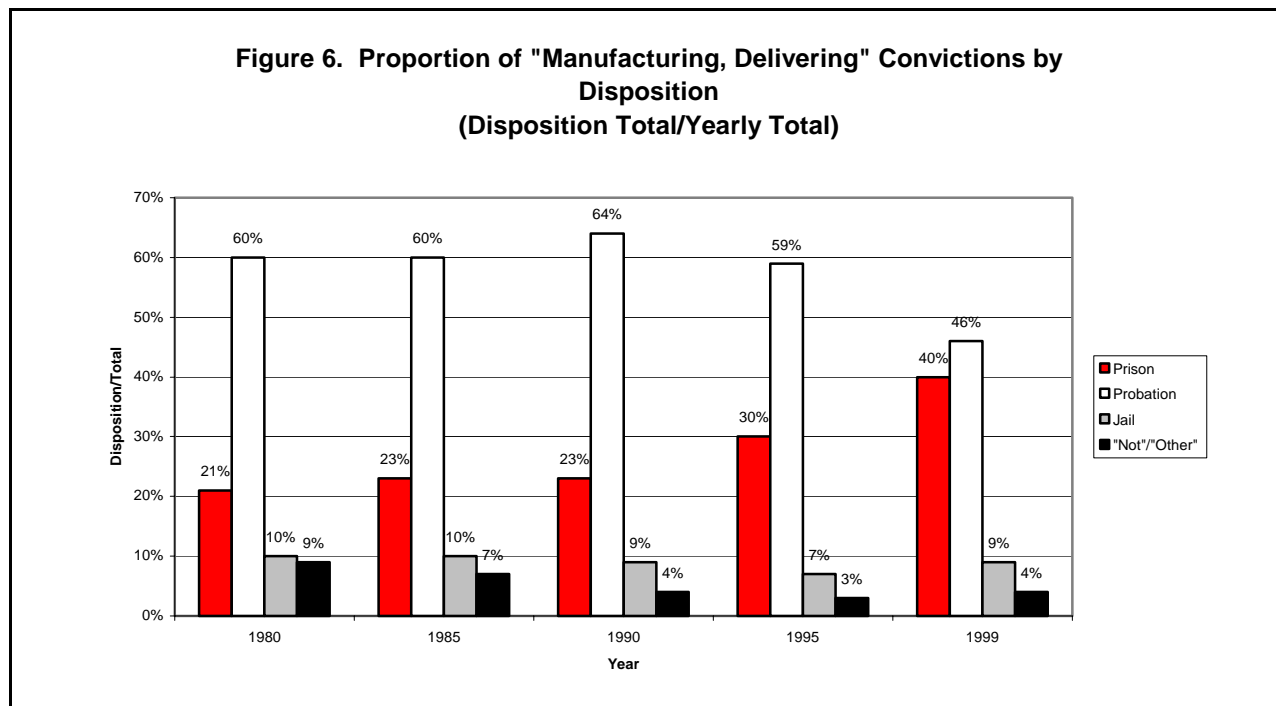


Source: Michigan Department of Corrections *Statistical Reports* (1980, 1985, 1990, 1995, 1999). This figure depicts cases brought before the courts, *not individuals* sentenced to prison, jail, or probation. Multiple dispositions for the same offender, from the same sentencing county in the same year, were counted as follows: (1) Dispositions for the same offender that occurred three or more months apart were counted separately. (2) Dispositions for the same offender that occurred less than three months apart were counted only once, according to the following sequence: (a) The most severe disposition was counted; (b) if of equal severity, then the disposition with the longest minimum term was counted; (c) if equal minimum terms, then the disposition with the longest maximum term was counted.

Figures 6 and 7 depict convictions for drug offenses by disposition as proportions of the total. In interpreting these figures, it is important to note that the reporting of offense types has changed over the last 20 years. For example, there were 58 different types of drug offenses recorded in the 1999 Michigan Department of Corrections Statistical Report, whereas there were only 13 different types of drug offenses recorded in the 1980 Michigan Department of Corrections Statistical Report.

There were 356 convictions for manufacturing or delivering drugs that resulted in prison sentences in 1980 as compared with 1,849 in 1999, representing a 419% increase in prison sentences for manufacturing/distributing convictions.⁶ Similarly, as Figure 6 shows, the *proportion* of prison sentences for manufacturing/delivering nearly doubled during the same period, increasing from 21% in 1980 to 40% in 1999.

⁶ Michigan Department of Corrections *Statistical Reports* (1980, 1985, 1990, 1999).

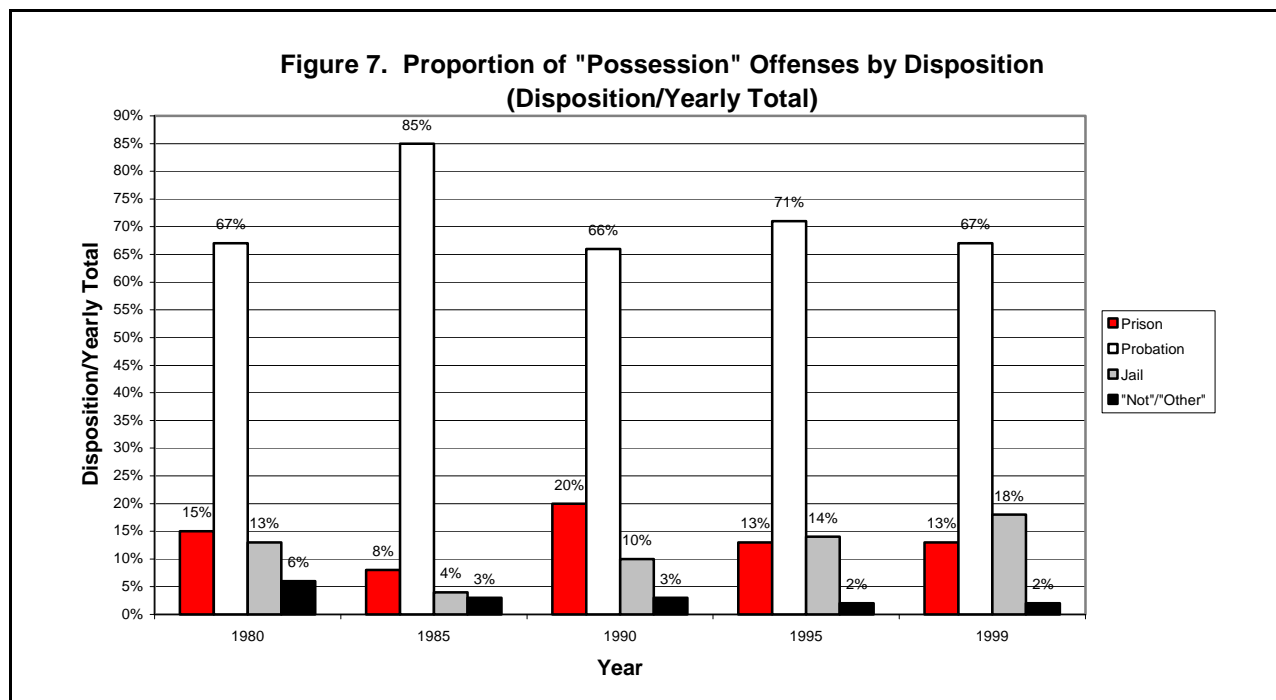


Source: Michigan Department of Corrections *Statistical Reports* (1980, 1985, 1990, 1995, 1999). This figure depicts cases brought before the courts, *not* individuals sentenced to prison, jail, or probation. Multiple dispositions for the same offender, from the same sentencing county in the same year, were counted as follows: (1) Dispositions for the same offender that occurred three or more months apart were counted separately. (2) Dispositions for the same offender that occurred less than three months apart were counted only once, according to the following sequence: (a) The most severe disposition was counted; (b) if of equal severity, then the disposition with the longest minimum term was counted; (c) if equal minimum terms, then the disposition with the longest maximum term was counted.

The number of jail sentences increased by 541% from 1980 (143) to 1999 (916). Other sentences also increased during the same period: 274% increase in prison sentences (172 v. 644), 345% increase in probation (757 v. 3,369), and 70% increase in "other" sentences (63 v. 107).⁷

As Figure 7 shows, the *proportion* of possession cases resulting in jail sentences more than quadrupled from 1985 to 1999, increasing from 4% (1985) to 18% (1999). In contrast, during the past 20 years sentences involving probation changed little, with probation generally accounting for approximately two-thirds of the sentences for drug possession (with the exception of 1985, when probation accounted for more than 85% of the sentences for possession offenses).

⁷ Michigan Department of Corrections *Statistical Reports* (1980, 1985, 1990, 1999).



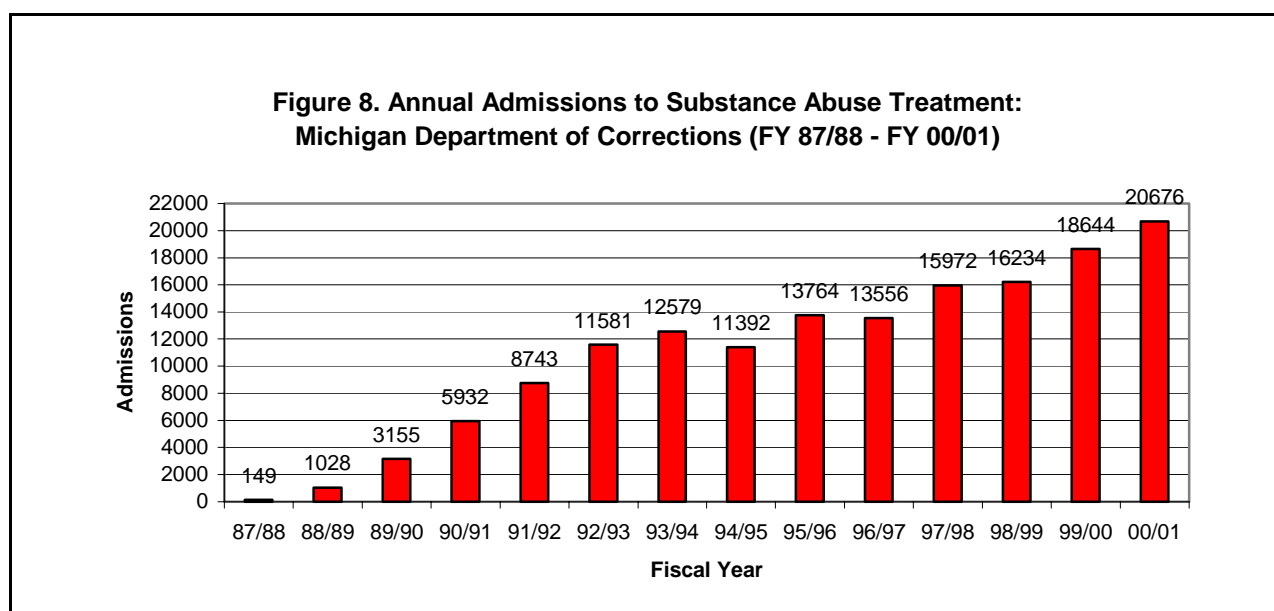
Source: Michigan Department of Corrections *Statistical Reports* (1980, 1985, 1990, 1995, 1999). This figure depicts cases brought before the courts, *not* individuals sentenced to prison, jail, or probation. Multiple dispositions for the same offender, from the same sentencing county in the same year, were counted as follows: (1) Dispositions for the same offender that occurred three or more months apart were counted separately. (2) Dispositions for the same offender that occurred less than three months apart were counted only once, according to the following sequence: (a) The most severe disposition was counted; (b) if of equal severity, then the disposition with the longest minimum term was counted; (c) if equal minimum terms, then the disposition with the longest maximum term was counted.

In fiscal year 1999/2000, prisoners accounted for 41% of admissions to MDOC substance abuse programs, while parolees accounted for 47%, and probationers accounted for 12%.⁸ These data suggest that a significant percentage of individuals involved in MDOC substance abuse programs in Michigan are under community supervision.

⁸ Michigan Department of Corrections *Statistical Reports* (1999).

The need for substance abuse treatment in Michigan continues to be high, as the number of treatment admissions to programs run by the Michigan Department of Corrections continues to grow.

Since the launch of state-contracted substance abuse treatment programs in Michigan in fiscal year 1987-88, substance abuse treatment in the Michigan Department of Corrections (MDOC) has grown significantly. During a 14-year span, the number of prisoners, parolees, and probationers receiving treatment increased from 149 to 20,676. Thus, annual admissions to MDOC substance abuse treatment programs were more than 137 times higher in 2000/01 than in 1987/88 (see Figure 8).



Source: Michigan Department of Corrections Substance Abuse Programs Section, *Annual Report Fiscal Year 2000/2001*.

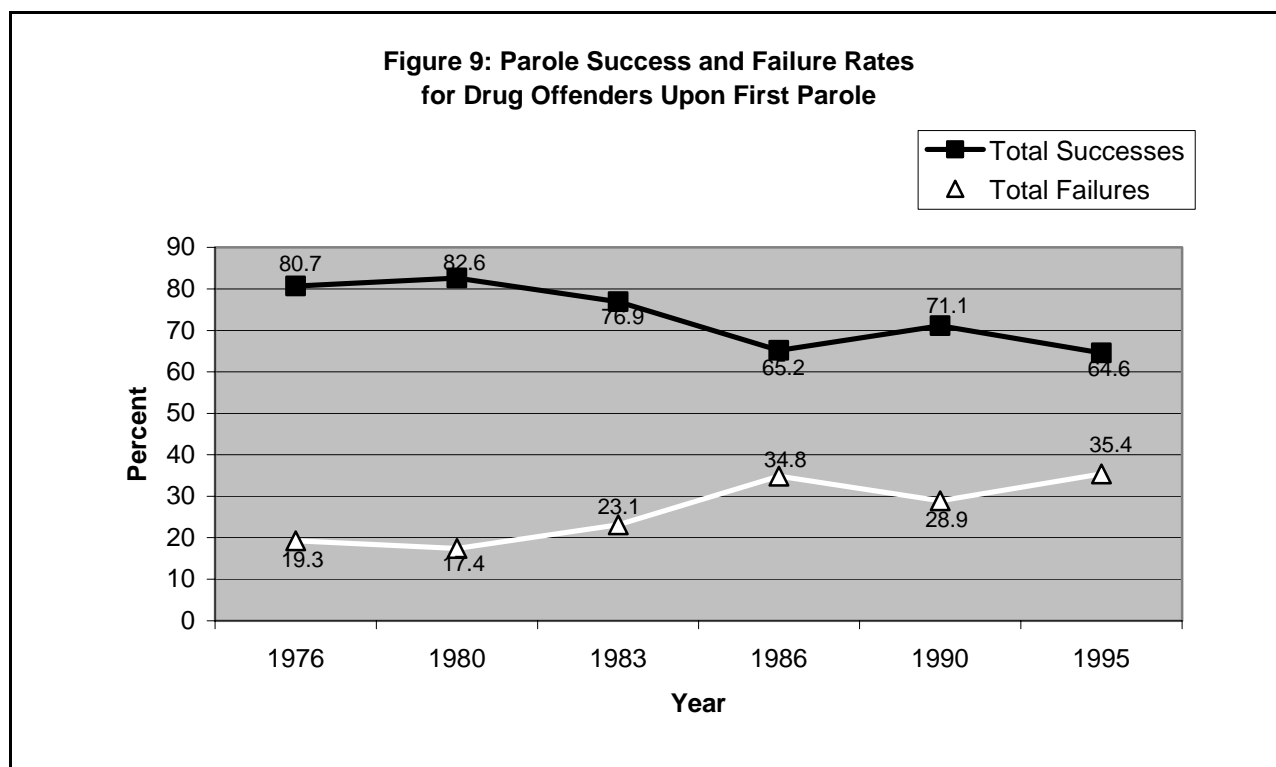
Parole and probation violators represent the majority of people admitted or returned to prison in Michigan. Many drug commitments and incarcerations involve technical probation and parole violations.

Between 2000 and 2001, only about a third of the state's total prison intake involved new court commitments (4,879 of 12,844). The remaining individuals or offenders who entered or were returned to prison that year were probation violators with technical violations or new sentences (3,481), parole violators with a new sentence (1,191), handful of escapes (56), and technical parole violators (3,237).⁹

⁹ Michigan Department of Corrections, *Corrections Data Fact Sheet for December 2001*, January 24, 2002.

Figure 9 depicts 4-year parole outcomes for individuals convicted of drug offenses in Michigan.

- *Total successes* represent parolees who did not return to prison during the parole term, either as technical rule violators or as parole violators with new sentences.
- *Total failures* represent those prisoners who did return to prison during the parole term, either as technical rule violators or as parole violators with new sentences.



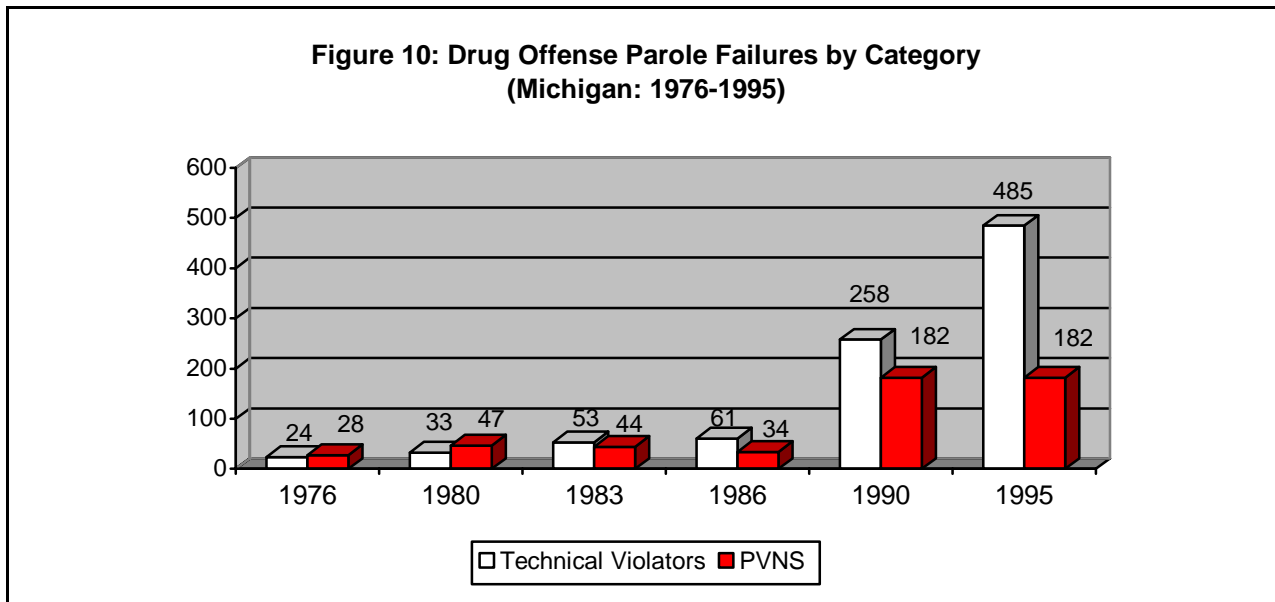
Source: Michigan Department of Corrections *Statistical Reports* (1980-1999).

As Figure 9 shows, since 1980, drug offenders who are on parole for the first time have been increasingly likely to return to prison.

Figure 10 provides information on parole failures (1976-1995) based upon parole violation category. *Technical violations* include parolees violating treatment conditions (including, for example, “dirty urine,” missed appointments, and not following through on requirements). The PVNS (parole violation with new sentence) category includes parolees committing a felony who are sent back to prison with a new sentence. As Figure 10 shows, from 1986 to 1995 (the latest year for which data was available), technical parole violators increased 695% (from 61 to 485), whereas PVNS parole violators increased by 435% (from 34 to 182). Thus, technical violations increased at a rate nearly 1.6 times that for parole violators who received new sentences.

Figure 10 provides information on parole failures (1976-1995) based upon parole violation category. *Technical violations* include parolees violating treatment conditions (including, for example, “dirty urine,” missed appointments, and not following through on requirements). The

PVNS (parole violation with new sentence) category includes parolees committing a felony who are sent back to prison with a new sentence. As Figure 10 shows, from 1986 to 1995 (the latest year for which data was available), technical parole violators increased 695% (from 61 to 485), whereas PVNS parole violators increased by 435% (from 34 to 182). Thus, technical violations increased at a rate nearly 1.6 times that for parole violators who received new sentences.



Source: Michigan Department of Corrections *Statistical Reports* (1976, 1980, 1983, 1986, 1990, 1995).

The fact that drug offenders on parole for the first time are being returned to prison for new offenses and technical violations at rates that are 5 and 8 times higher, respectively, than they were in 1976, suggests that the state’s policies are ineffective.

2. How Serious Is the Problem of Drug Use in Michigan?

Drug use in Michigan has increased significantly during the past 20 years, despite the fact that there are more and more people serving time for drug crimes in state prison. Most individuals in the criminal justice system in Michigan have been assessed as having a substance abuse or dependency problem.

Drug use in Michigan has increased significantly during the past 20 years.

According to the Uniform Crime Reports, law enforcement reports of narcotics drug offenses in Michigan increased steadily from 1989 to 1998, showing a 27% increase during that decade. During the same period, law enforcement reports of liquor offenses increased 11%. From 1994 to 1998, juvenile arrests for driving under the influence of alcohol (DUI) increased 170%.¹⁰

Other indicators also demonstrate that drug use in Michigan is increasing:

- Statewide, treatment admissions increased for several substances:
 - Treatment admissions for marijuana as primary drug increased 49% from 1993 (5,741) to 2001 (8,528). Marijuana remains the top illicit drug of abuse in Michigan.¹¹
 - Treatment admissions for opium and synthetic drugs increased 85% from 708 admissions in 1993 to 1,309 in 1998.¹²
 - Treatment admissions for stimulants increased 47% from 189 in 2000 to 277 in 2001.
- Methamphetamine labs seizures increased steadily from 1999 to 2002:
 - 14 labs were seized in Michigan in 1999;
 - 40 labs were seized in Michigan in 2000;
 - Michigan State Police seized 91 labs in Michigan in 2001; and
 - Michigan State Police seized 105 labs during the first five months of 2002; it is estimated that lab seizures for 2002 will exceed 200.¹³

¹⁰ State of Michigan Department of Community Health, *Epidemiologic Trends in Drug Abuse*, Community Epidemiology Work Group Report, National Institute on Drug Abuse, June 11-14, 2002.

¹¹ Michigan Department of Community Health (1999). *Drug Abuse Trend Report Detroit/Wayne County, Michigan*.

¹² Michigan Department of Community Health (1999). *Drug Abuse Trend Report Detroit/Wayne County, Michigan*.

¹³ Michigan Department of Community Health (1999). *Drug Abuse Trend Report Detroit/Wayne County, Michigan*

- Southeast Michigan emergency departments reported 6 cases of ecstasy use in 1998; in 1999 there were 40 cases, while in 2000 there were 60 ecstasy cases reported. Preliminary data for the first half of 2001 shows 57 ecstasy cases, which is almost as many as the entire previous year.
- Customs seizures for ecstasy at Michigan borders and airports were 14,145 pills in 1998, increasing to 42,000 pills in 1999, to 131,000 pills in 2000, and to almost 400,000 pills in 2001. Projections for 2002 are that Detroit Customs will seize 1.2 million ecstasy pills by the end of the year.¹⁴
- In 1992, 118 deceased persons tested positive for heroin; six years later 308 decedents tested positive for the same substance, representing a 161% increase in deceased persons testing positive for heroin use over the seven-year period.¹⁵
- In 1992, 262 deceased persons tested positive for cocaine; 384 decedents tested positive for the same substance in 1998, representing a 47% increase of deceased persons testing positive for cocaine use of the seven-year period.¹⁶

Most individuals in the criminal justice system in Michigan have been assessed as having a substance abuse or dependency problem.

Currently, 51,138 individuals are imprisoned in Michigan. During 2001, more than 5,700 individuals were incarcerated specifically for drug offenses.¹⁷ These figures actually understate the problem of substance abuse among those who are incarcerated, however. Many prisoners have drug problems that, in many cases, likely led directly to the offense resulting in incarceration. Currently in Michigan an estimated 71% of males and 74% of females in the criminal justice system have been assessed as having a substance abuse or dependency problem, 63% with dependency.¹⁸

In 2001, technical parole violations comprised 25% of admissions to Michigan prisons.¹⁹ We do not know exactly what percentage of technical violations were attributable solely to drug use. This is a serious data collection and dissemination flaw – a flaw which must be corrected in order to assess and set public policy in this important area.

Figure 11 compares *changes* in prison commitments for all types of drug offenses to *changes* in drug arrests²⁰ over the past 20 years. Overall, while the number of drug convictions, dispositions,

¹⁴ Michigan Department of Community Health (1999). *Drug Abuse Trend Report Detroit/Wayne County, Michigan*

¹⁵ Michigan Department of Community Health (1999). *Drug Abuse Trend Report Detroit/Wayne County, Michigan*.

¹⁶ Michigan Department of Community Health (1999). *Drug Abuse Trend Report Detroit/Wayne County, Michigan*.

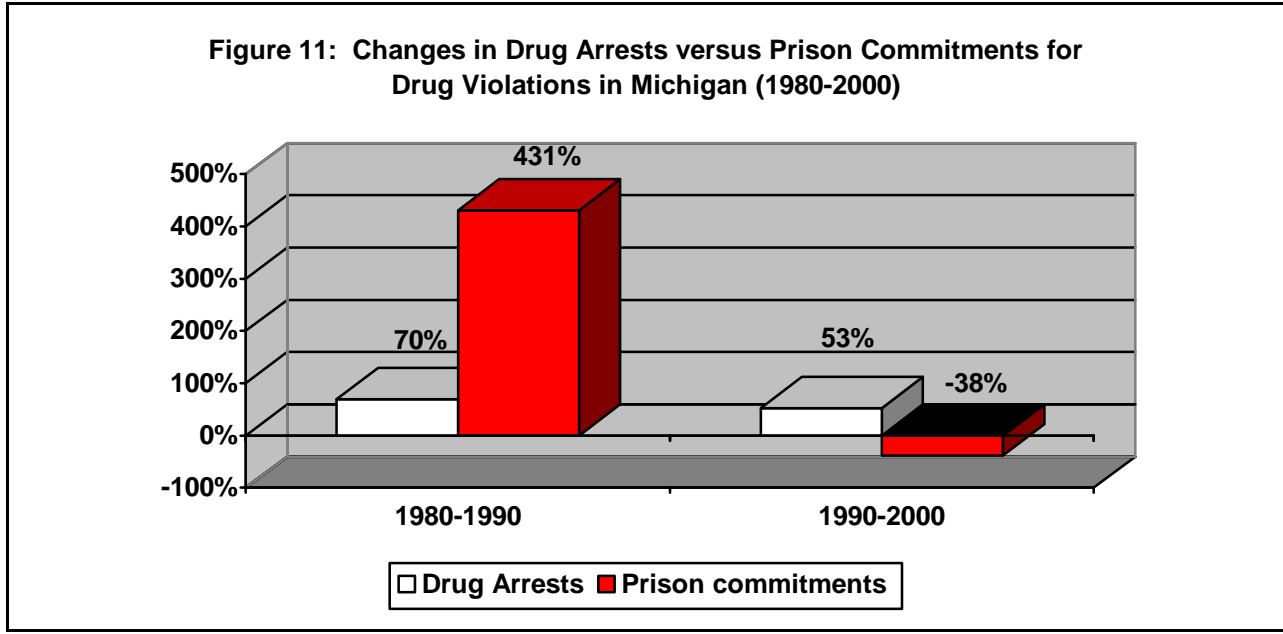
¹⁷ Michigan Department of Corrections Records Department, December 10, 2002.

¹⁸ Michigan Department of Corrections *Annual Report Fiscal Year 2000/2001*, Substance Abuse Program Section.

¹⁹ Michigan Department of Corrections, *Corrections Data Fact Sheet for December 2001*, January 24, 2002.

²⁰ “Drug use” is determined by arrests of offenders caught using an illegal substance by Michigan Police officers. *Michigan Police Uniform Crime Reports (1980-2000)*.

and commitments fluctuated, drug arrests in Michigan increased 160% from 1980 (7,489) to 2000 (19,492). From 1980 to 1990, when the number of drug violators sent to prison increased 431% (from 529 to 2,811), reported drug arrests increased 70% (from 7,489 to 12,766). In contrast, from 1990 to 2000, when the number of drug violators sent to prison *decreased* 38% (from 2,811 to 1,756), reported drug arrests increased 53% (from 12,766 to 19,492).



Sources: Drug violators sent to prison: Michigan Department of Corrections *Statistical Reports* (1980-1999); drug use in Michigan: *Michigan Police Uniform Crime Reports* (1980-2000).

Thus, increasing rates of prison commitments have not been associated with either declining rates of drug arrests or declining drug use/abuse. What these data suggest is that the more people are incarcerated in prison for drug crimes, the more leading indicators show *increasing* levels of drug use.

3. **How Do the Costs of Incarcerating Individuals Convicted of Drug Offenses Compare with the Costs of Providing Drug Rehabilitation Treatment to Offenders in Michigan?**

It costs substantially more to incarcerate individuals convicted of drug offenses than to provide drug rehabilitation treatment to offenders, both nationally and in Michigan.

The Cost of Treatment versus Incarceration

Some national research shows that states yield significant cost savings by treating drug offenders in the community, rather than incarcerating them. A seminal study by the Rand Corporation in the 1990s found that, for every dollar spent on drug and alcohol treatment, the state of California saved \$7 in reduced crime. Rand found that each day of treatment paid for itself on the day treatment was received, primarily through an avoidance of crime. The level of criminal activity declined by two-thirds from before treatment to after treatment, and the greater the length of the time spent in treatment.²¹ Savings can also be realized by avoiding new prison construction costs when prison commitments are reduced or held constant because of successful treatment regimens.²²

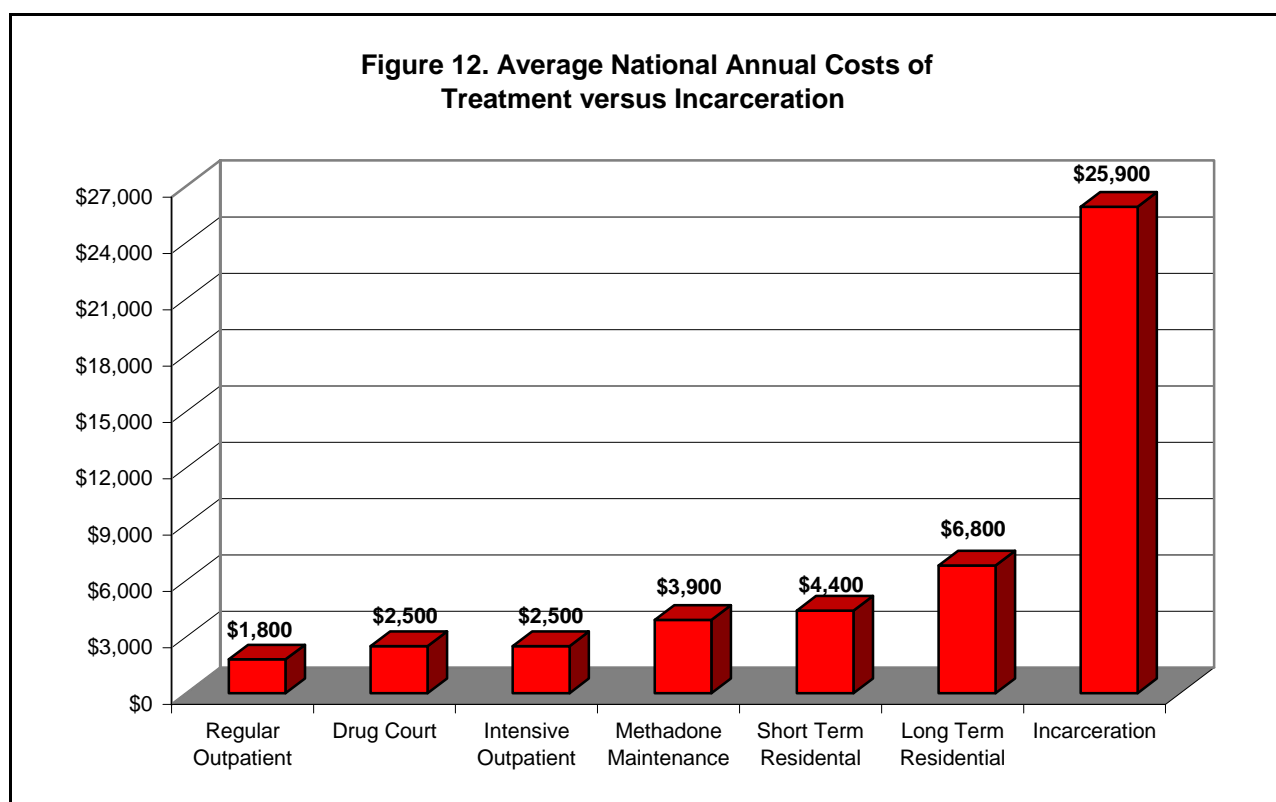
A recent survey of community corrections programs in Ohio has shown that state savings also accrue when offenders are working and earning wages, paying restitution, court costs, and child support – all positive outcomes that could not have been achieved had the inmate been incarcerated in a prison. In Ohio, offenders receiving treatment in the community completed 64,816 community service hours to help the community, which would not have been accomplished had the offenders been in prison. In addition to this, 78% of the offenders received substance abuse programming, 74% received alcohol abuse programming, 9% received mental health treatment, 56% received employment assistance, 14% received academic training and 11% received vocational training. These services all help deter the offender from committing additional criminal offenses.²³

²¹ Rydell, C. Peter and Everingham, Susan S. (1994) *Controlling Cocaine: Supply Versus Demand Programs*. Santa Monica, CA: Rand Corporation. Petersilia, J., S. Turner, J. Kahan, and J. Peterson. (1985). *Granting Felons Probation*. Santa Monica, CA: Rand Corporation.

²² Jones, P. R. (1991). The Risk of Recidivism: Evaluating the Public Safety Implications of a Community Corrections Program. *Journal of Crime and Justice*, 19, 49-66.

²³ Marion, Nancy (2002). *Community Corrections in Ohio: Cost Savings and Program Effectiveness*. Washington, DC: The Justice Policy Institute.

Figure 12 provides national data comparing the costs of treating a person with drug addictions with the cost of incarcerating individuals for drug offenses.



Source: Research done by James W. Langenbucher, Ph.D., Rutgers University. Available at: http://center.butler.brown.edu/plnp/Newsroom/Press_Releases/PR2/pr2.html

The Cost of Incarcerating Individuals in Michigan

The cost of incarcerating an individual for one year in the State of Michigan varies depending upon the security level (I-VI) to which the prisoner is assigned. The level of prison that a drug offender may be placed into depends on a number of circumstances including prior convictions, safety and risk screening, age, and work history. Drug offenders may be placed into any level.

According to the Michigan Department of Corrections *Annual Report (2000)*, the average cost per prisoner for incarceration in Michigan during fiscal year 2000 was \$24,743. However, this estimate does not include health and mental health costs;²⁴ when these costs are included, the average cost per prisoner for incarceration in Michigan is \$27,985.²⁵

²⁴ Personal communication from Barbara Levine, Executive Director, Citizens Alliance on Prisons and Public Spending (CAPPS).

²⁵ According to the Michigan House Fiscal Office, the state appropriated \$27,985 per person incarcerated in 2001-2002. Personal communication with Marilyn Peterson, House Fiscal Office, December 9, 2002.

The Cost of Providing Treatment to Individuals via Michigan Drug Court

Although there has been no official statewide study on the cost of drug courts in Michigan, the average national annual cost of \$2,500 per offender²⁶ is consistent with the estimated costs for a comprehensive drug court system operated in Eaton County, Michigan.²⁷

The Cost of Providing Treatment to Individuals via Michigan Department of Corrections Substance Abuse Programs

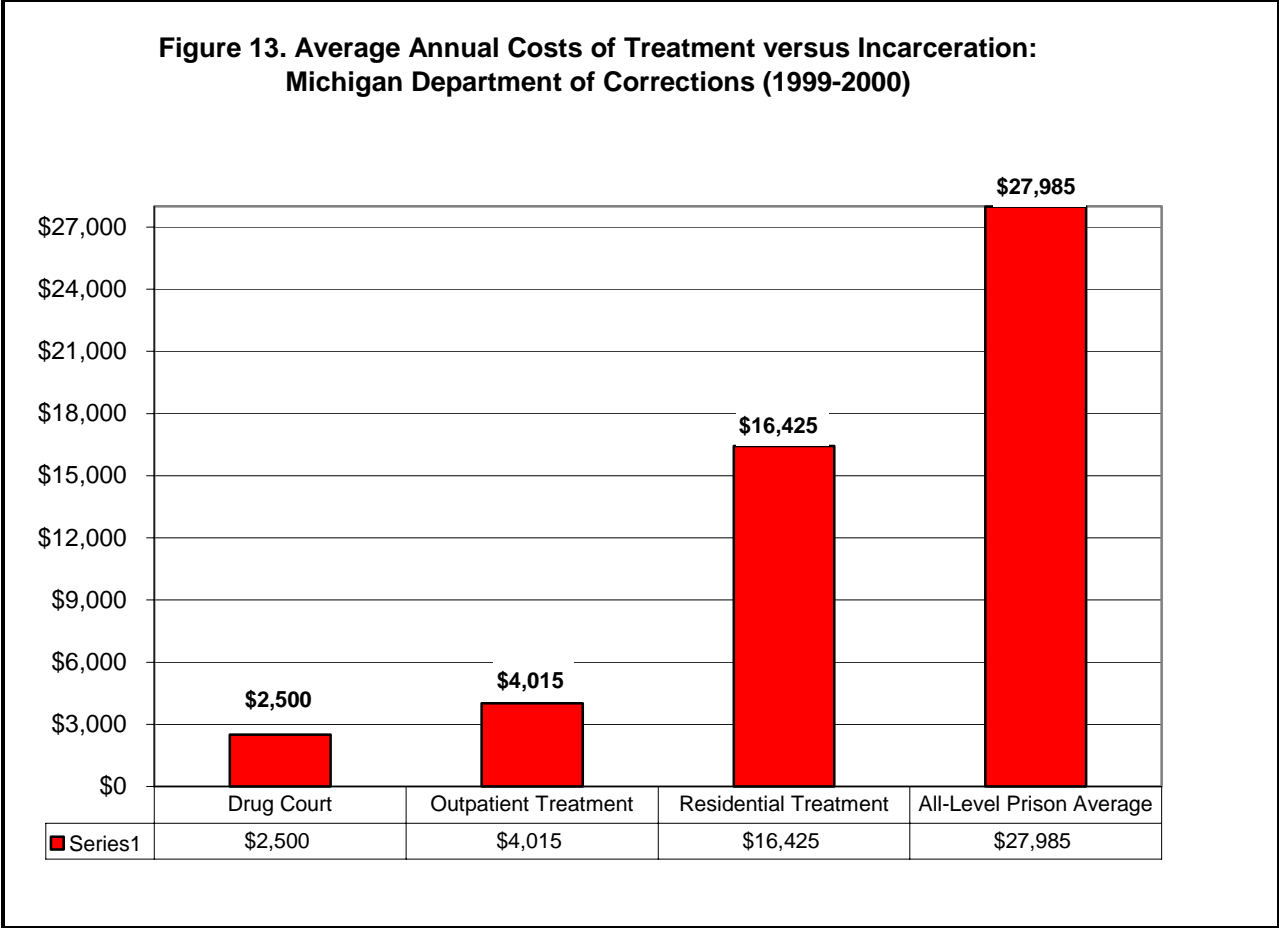
According to the Michigan Department of Corrections, during fiscal year 1999/2000, MDOC outpatient treatment costs averaged \$10-\$12 per day per client. Residential treatment averaged \$45 per day per client.²⁸ Given the costs of incarceration described above, prison, by contrast, cost about \$77 per day.

Figure 13 compares the average annual costs of substance abuse treatment with incarceration in Michigan.

²⁶ National Association of Drug Court Professionals. *Facts on Drug Courts and Drug Court Systems*.

²⁷ Personal communication from Judge Hoffman, Eaton County (MI) drug court, July 26, 2002.

²⁸ Michigan Department of Corrections Substance Abuse Programs Section, *Annual Report Fiscal Year 1999/2000*.



Sources: Drug court data: *Facts on Drug Courts and Drug Court Systems*. National Association of Drug Court Professionals; and personal communication with Judge Harvey Hoffman of Eaton County Drug Court. Treatment data: Michigan Department of Corrections Substance Abuse Programs Section, *Annual Report Fiscal Year 1999/2000*. The \$4,015 average annual cost per client for outpatient treatment was calculated by multiplying the average per diem cost (\$11) x 365 days per year. The \$16,425 average annual cost per client for residential treatment was calculated by multiplying the average per diem cost (\$45) x 365 days per year. Incarceration data: Personal communication, Marilyn Peterson, Michigan House Fiscal Office.

4. How Much Money Could Michigan Save by Diverting 50% of Individuals Currently Incarcerated for Drug Offenses to Residential Treatment?

Michigan currently spends approximately \$160 million per year to incarcerate drug offenders. As of December 10, 2002, the daily census of drug offenders was 5,713.²⁹ Table 1 calculates the cost of incarcerating drug offenders over a 5-year period, assuming that *nothing changes* over a 5-year period—that is, that the average daily census of drug offenders stays at 5,713.

Table 1

**Michigan's Estimated 5-Year Costs (Millions of Dollars)
for Processing 5,713 Drug Offenders: Prison Model**

	Year 1	Year 2	Year 3	Year 4	Year 5	GRAND TOTAL
# Prisoners @ \$27,985*	5,713	5,713	5,713	5,713	5,713	
Cost @ \$27,985 in year 1 and 4% inflation (years 2-5)	\$159.9M	\$166.3M	\$172.9M	\$179.8M	\$187.0M	\$865.9 M

* The Michigan House Fiscal Office reports that the state appropriated \$27,985 per person incarcerated in 2001-2002.

Table 2 calculates the cost of a residential treatment model. This model assumes that 50% of those currently incarcerated for drug offenses (2,856) are diverted to year-long residential treatment, and a daily average of 2,857 are incarcerated.

Table 2

**Michigan's Estimated 5-Year Costs (Millions of Dollars)
for Processing 5,784 Drug Offenders: Residential Treatment Model**

	Year 1	Year 2	Year 3	Year 4	Year 5	GRAND TOTAL
# Prisoners	2,857	2,857	2,857	2,857	2,857	
Cost for prisoners @ \$27,985 in year 1 and 4% inflation (years 2-5)	\$80.0 M	\$83.2M	\$86.5M	\$89.9M	\$93.5M	\$433.1M
# Individuals in treatment	2,856	2,856	2,856	2,856	2,856	
Cost for treatment @ \$16,425* in year 1 with 4% inflation (years 2-5)	\$46.9M	\$48.8M	\$50.7M	\$52.8M	\$54.9M	\$254.1M
Total	\$126.9M	\$132.0M	\$137.2M	\$142.7M	\$148.4M	\$687.2M

* \$45 per diem x 365 days/year.

²⁹ Personal communication, Michigan Department of Corrections Records Department, December 10, 2002.

Table 3 reveals that, accepting the assumptions made, the Residential Treatment Model would save the State of Michigan \$178.7 million over a 5-year period, as compared with the Prison Model. It should be noted that this estimate represents the most conservative savings that would be accrued because it assumes the highest cost treatment modality – residential treatment. It is likely that a percentage of parole/probation violators and drug law violators could be handled in less restrictive, and less costly, settings.

Table 3

**Comparison of Michigan's 5-Year Costs (Millions of Dollars)
for Processing 5,713 Drug Offenders: Prison Model versus Residential Treatment Model**

	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>	<i>GRAND TOTAL</i>
Cost of Prison Model	\$159.9M	\$166.3M	\$172.9M	\$179.8M	\$187.0M	\$865.9M
Cost of Residential Treatment Model	\$126.9M	\$132.0M	\$137.2M	\$142.7M	\$148.4M	\$687.2M
Savings	\$33.0M	\$34.3 M	\$35.7 M	\$37.1 M	\$38.6M	\$178.7M

Conclusions

Drug use in Michigan is an increasingly serious problem. Statewide, treatment admissions for marijuana, stimulants, opium and synthetic drugs have increased significantly during the past decade. In addition, annual total convictions for drug offenses in Michigan increased by 264% from 1980 (3,182) to 1999 (11,582). Increasing rates of imprisonment for drug offenses are not associated with decline rates of drug arrest, or other ways of measuring drug use and abuse. Conversely, according to the Rand Corporation, every dollar spent on drug and alcohol treatment saves \$7 in costs associated with crime.

Substance abuse is a serious problem among Michigan prisoners as well. Currently in Michigan, an estimated 71% of males and 74% of females in the criminal justice system have been assessed as having a substance abuse or dependency problem, 63% with dependency. Despite the fact that there were 20,000 admissions to substance abuse programs run by the MDOC in 2001, various indicators show that drug arrests, drug use, and drug abuse are on the rise in Michigan, and nearly two-thirds of Michigan's growing prison population continues to have a substance abuse problem.

The State of Michigan is spending a great deal of money on incarcerating people for drug crimes – approximately \$160 million per year. Is prison the best solution to the problem of substance abuse in Michigan?

The findings described in this report suggest that Michigan could adopt more effective and cost efficient ways of dealing with the problem of substance abuse. For example, if Michigan moved 50% of the individuals convicted of drug offenses from prison (\$27,985 per person per year) to residential treatment (\$16,425 per person per year), the state could save an estimated \$178.7 million over a 5-year period (assuming an annual inflation rate of 4% and no change in the number of drug convictions per year). One large group that seems appropriate for treatment instead of incarceration are drug law violators who are returned to prison for technical violations of parole, rather than for new offenses. Given the cost effectiveness of treatment and the state's dire fiscal straights, both probation and parole violator populations should be considered for diversion from prison into treatment. This approach is also worth considering for new prison commitments, especially given the fact that approximately 70% of individuals convicted of drug offenses are convicted for offenses involving relatively small quantities of drugs,³⁰ and most of those convicted have substance abuse or dependency problems.

³⁰ Of the 5,734 individuals in prison for drug offenses in 2001, more than 4,000 were convicted for offenses involving 50 grams or less of drugs. (Personal communication, Michigan Department of Corrections Records Department, December 10, 2002.)

Authors' Notes

This report was prepared by the Institute for Children, Youth, and Families (ICYF) at Michigan State University. The Institute conducts multi-disciplinary research, outreach, and policy analysis regarding children, youth, and families from diverse communities. For more information on the Institute, please contact:

Institute for Children, Youth, and Families

Michigan State University
Suite 27 Kellogg Center
East Lansing, MI 48824-1022
Tel: (517) 353-6617/ Fax: (517) 432-2022
Web: www.icyf.msu.edu

For more information on this report, please contact the report authors:

Nancy E. Walker, Ph.D., M.L.S.

President and Senior Research Fellow
Center for Youth Policy Research
427 W. 12th Street
Traverse City, MI 49684
231-946-3090
nancywalker@chartermi.net

Francisco A. Villarruel, Ph.D.

University Outreach Fellow
Research Associate, Institute for Children, Youth and Families
Associate Professor, Department of Family and Child Ecology
Michigan State University
fvilla@msu.edu

Thomas Judd

Intern (former), Institute for Children, Youth, and Families
juddthom@msu.edu

Jessica Roman

Intern (former), Institute for Children, Youth, and Families
romanjes@msu.edu

Acknowledgements

This report was commissioned by The Justice Policy Institute, and Michigan Citizens Alliance on Prisons and Public Spending. This report was funded by the Criminal Justice Initiative of the Open Society Institute. The authors thank Linda Chapel Jackson, Kathleen Lau, and Christina Swick of the Institute for Children, Youth, and Families at Michigan State University for providing editorial and clerical support. The authors also thank Laura Sager of Families Against Mandatory Minimums (FAMM), Barbara Levine of Citizens Alliance on Prisons and Public Spending (CAPPS), Margie Good of the Michigan State Court Administrative Office, the staff of the Michigan Department of Corrections and the Michigan Department of Community Health, and Marilyn Peterson of the Michigan House Fiscal Office for the information they provided.

APPENDIX A

Methodology

In preparing this report, we collected information and data from a variety of sources:

Johnson, S., Hubbard, D.J., & Latessa, E. J. (2000). Drug courts and treatment: Lessons to be learned from the ‘what works’ literature. *Corrections Management Quarterly*, 4, 70-77.

Michigan Police *Uniform Crime Reports (1980-2000)*.

Michigan Supreme Court. (2000, April 25). *Local Intergovernmental Advisory Council*. Lansing MI: Author.

State of Michigan Department of Community Health. (2002, June 11-14). *Epidemiologic Trends in Drug Abuse*, Community Epidemiology Work Group Report, National Institute on Drug Abuse.

State of Michigan Department of Corrections (MDOC) *Annual Reports, Substance Abuse Programs Section*.

We obtained information on treatment within the correctional system primarily from MDOC’s Substance Abuse Programs Annual Reports. Other information was gathered from sources including the Department of Health and Human Services, the Michigan State Police, and the National Center on Addiction and Substance Abuse at Columbia University.

State of Michigan Department of Corrections (MDOC) *Statistical Reports*

MDOC’s statistical reports are published each fiscal year. In this briefing report we use the MDOC statistical reports to examine how the corrections department has handled convicted drug offenders over the last 20 years. Some graphs display **prison commitments**, which can be found in *Section B* of each MDOC statistical report. These graphs display how the prison intake of drug offenders has changed over the last 20 years. Other graphs display **court dispositions**, which is located in *Section A* of MDOC statistical reports. These graphs display how the courts have sentenced drug offenders over the last 20 years. These are cases brought before the courts, not individuals sentenced to prison, jail, or probation. Multiple dispositions for the same offender, from the same sentencing county in the same year, were counted as follows:

- Dispositions for the same offender that occurred three or more months apart were counted separately.
- Dispositions for the same offender that occurred less than three months apart were counted only once, according to the following sequence:
 - The most severe disposition was counted.

- If of equal severity, then the disposition with the longest minimum term was counted.
- If equal minimum terms, then the disposition with the longest maximum term was counted.³¹

The National Association of Drug Court Professionals, Drug Court Standards Committee. (1997 January). *Defining Drug Courts: The Key Components*. Available at <http://www.ojp.usdoj.gov/kcpo/Define/>

U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration, Office of Applied Studies: *Treatment Episode Data Sets (1994, 1995, 1996, 1997, 1998, 1999)*

We obtained information on annual admissions for substance abuse treatment services in Michigan from the US Department of Health and Human Services and the Michigan Department of Community Mental Health.

³¹ Michigan Department of Corrections *Statistical Report 1999*, p.1.

APPENDIX B

Michigan Drug Court

Drug courts are designed to terminate the abuse of alcohol and other drugs, as well as associated criminal activity. Drug courts permit individuals who are involved in the criminal justice system due to alcohol and other drug use to choose to participate in treatment. The court may dismiss the initial charge, decrease or reverse a sentence, propose a reduced penalty, or offer a mixture of these options after the individual successfully completes the treatment program. The judge, in consultation with a team of court and social service personnel, concentrates on assisting the individual to achieve sobriety and to be accountable for his or her own recovery.³² Drug courts are based on the belief that rehabilitation can work for offenders.³³ Drug courts have three specific goals: (1) to reduce recidivism; (2) to reduce substance abuse among participants; and (3) to rehabilitate participants.³⁴

Drug courts differ from traditional courts in several ways. Drug courts tend to manage cases quickly so that intervention will occur as soon as possible; adversarial courts often have dockets whose cases move more slowly through the system. Drug courts use a collaborative approach as opposed to the traditional (adversarial) approach. Drug court judges are the main decision-makers in the treatment and supervision of drug-involved offenders, whereas other judges pass these functions on to other individuals following sentencing. Community-based treatment is a crucial component of drug courts.

In order to participate in drug court, a defendant must have a job in order to pay for treatment. Participants are charged \$200 each (in addition to court costs), to help pay for the program.³⁵

In Michigan, the *felony* drug court program has 3 phases. During *Phase I*, the defendant visits a circuit court probation officer or case officer every week, and sees the judge every two weeks to talk about how treatment is progressing. The defendant also must complete 480 hours of community service, 100 before moving to Phase II. During *Phase II*, which lasts about 6 months, the defendant sees the judge once a month and the probation officer every two weeks. During *Phase III*, which lasts about two weeks, the defendant sees the probation officer monthly, but does not see the judge.

In the *misdemeanor* drug court program in Michigan, the defendant pleads guilty and then is assessed by a counselor and a probation officer, who determine the defendant's placement and treatment. Phases in the misdemeanor drug court program include drug testing and counseling.

³² The National Association of Drug Court Professionals Drug Court Standards Committee. "Defining Drug Courts: The Key Components". January 1997. <http://www.ojp.usdoj.gov/dcpo/Define/>

³³ Johnson, S., Hubbard, D. J., & Latessa, E. J. (2000). Drug courts and treatment: Lessons to be learned from the 'what works' literature. *Corrections Management Quarterly*, 4, 70-77.

³⁴ Michigan Supreme Court, Local Intergovernmental Advisory Council. Lansing, MI, April 25, 2000.

³⁵ According to Margie Good of the Michigan State Court Administrative Office, the drug court program is funded in part with \$75,000 in state and federal grants.

Currently, the State of Michigan does not keep comprehensive data on participants in its drug court programs. American University's Drug Court Clearinghouse reports that, nationwide, approximately 200,000 drug-using offenders have participated in drug court programs since their inception in 1989.³⁶ Thus, approximately 16,667 individuals per year—or 333 individuals per state per year—have participated in drug court programs in the U.S. On average, therefore, less than one person per day in each state participates in drug court programs.

In 1997, the Government Accounting Office (GAO) reported that approximately 71% of all participants entering drug courts since 1989 had either successfully completed their drug court program or were actively participating in their program.³⁷

While drug court programs offer a viable alternative to incarceration, the effect of drug courts is limited by several factors in Michigan. First, drug courts operate in only some counties in Michigan.³⁸ Second, whereas approximately 12,000 individuals are convicted of alcohol or drug related crimes each year in Michigan, only a small proportion of individuals participate in drug court programs (approximately 3%, according to national estimates).³⁹ One reason for this discrepancy is that only certain types of defendants are eligible for drug court (e.g., first- or second-time offenders or technical rule parole violators, depending upon the jurisdiction). Most defendants in Michigan drug court programs are white males ages 18-35 years who have less than a college education.⁴⁰

³⁶ National Association of Drug Court Professionals: *The Facts*.

³⁷ National Association of Drug Court Professionals: *The Facts*.

³⁸ Personal communication, Patterson Terry, Michigan State University Specialist, October 1, 2002.

³⁹ http://www.michigan.gov/documents/Drug_Treatment_Courts_PD_7928_7.pdf

⁴⁰ http://www.michigan.gov/documents/Drug_Treatment_Courts_PD_7928_7.pdf