

## Drug Policies in the State of Michigan— Economic Effects

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## Drug Policies in the State of Michigan— Economic Effects

by Nancy E. Walker, Francisco A. Villarruel, Thomas Judd, Jessica Roman

### Introduction

Late last year, several of Michigan's mandatory minimum laws were repealed. Public acts 665, 666, and 670 of 2002 eliminated most of the state's mandatory minimum sentences for drug offenses, and earlier parole is now possible for some prisoners. While the repeals represent a significant departure in Michigan drug sentencing policy over past penalties, drug abuse and the use of incarceration as the solution to the state's drug problems are so extensive that the reforms may be just the beginning of new policies to consider.

Of the approximately 51,000 individuals imprisoned in 2001 in Michigan, 5,713 were incarcerated specifically for drug offenses—up from a few hundred in the 1980s. 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. Additionally, many state prisoners are currently incarcerated because they violated technical conditions of their parole or probation by testing positive for an illegal substance.

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. 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.

### Purpose of 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 significant 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

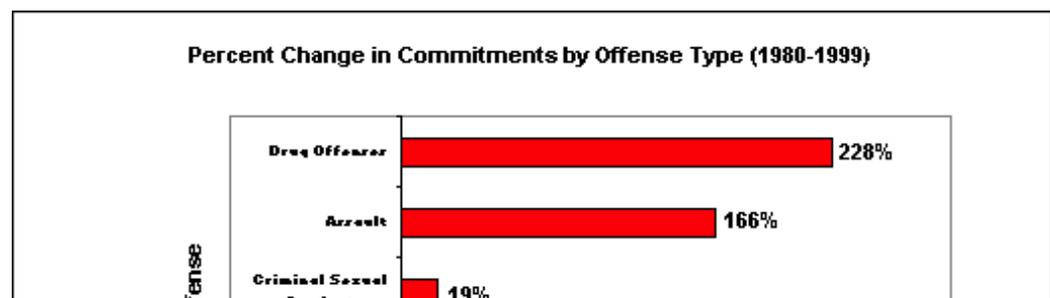
the present and provides a set of findings related to four key questions:

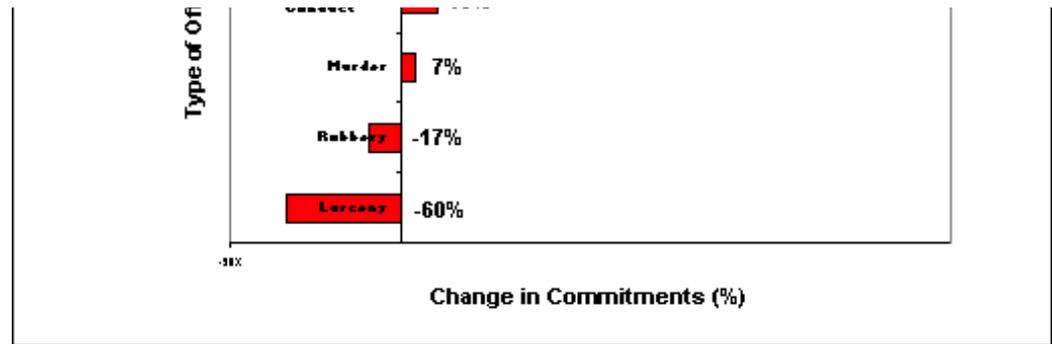
1. How have convictions and prison commitments for drug violations and parole violations changed in Michigan since 1980, and how has the frequency of treatment in institutions changed?
2. How serious is the problem of drug use in Michigan?
3. How do the costs of incarcerating individuals convicted of 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 and prison commitments for drug violations in Michigan have increased significantly since the 1980s, with the majority of imprisonments involving a small quantity of controlled substances.

- **While prison commitments for drugs offenses have risen, commitments for other offense either grew by significantly smaller percentages, or fell.** From 1980 to 1999, commitments for drug violations in Michigan increased from 529 to 1,736 (+228%) 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%). Commitments for robbery fell from 850 to 708 (-17%), while commitments for larceny fell from 921 to 372 (- 60%).





- **The majority of drug offenders incarcerated are there for crimes involving small amounts of drugs.** 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.
- **Annual total convictions for drug offenses in Michigan increased, and the number of convictions resulting in prison or jail sentences increased at a higher rate than those disposed of with a sentence of probation.** Annual total convictions for drug offenses in Michigan increased by 264% from 1980 (3,182) to 1999 (11,582). During this period, the number of convictions that resulted in prison sentences 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.
- **MDOC has expanded the number of treatment admissions to programs under its purview, while drug arrests, drug use and admission to prison for drug crimes rose.** Between 1987-88 and 2000-01, the number of prisoners, parolees, and probationers receiving some form of treatment increased from 149 to 20,676.
- **Parole and Probation violators represent the majority of people admitted or returned to prison in Michigan. Between 2000 and 2001, only about a third of the state's total prison intake were 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).
- **Individuals paroled from prison for drug offenses for the first time have been increasingly likely to fail parole and return to prison.** From 1986 to 1995 (the latest year for which data were available), technical parole violators increased 695% (from 61 to 485), whereas parole violation with new sentence increased by 435% (from 34 to 182). Technical violations increased at a rate nearly 1.6 times that for parole violators who received new sentences. The fact that drug offenders on parole for the first time were being returned to prison for new offenses and technical violations at rates that are 5 and 8 times higher than they were in 1976, respectively, 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, and despite the fact that there are more and more people serving time for drug crimes in state prison, drug arrests and drug use continue to rise.

- **The increase in Michigan's drug prisoner population has not been associated with declining rates of drug arrests.** 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).
- **Despite this significant increase in Michigan's drug prisoner population and increase in drug arrests over the last two decades, other measures of drug use indicate drug use continues to be on the rise.**
  - **Treatment admissions for opium and synthetic drugs increased 85% from 708 admissions in 1993 to 1,309 in 1998.** Treatment admissions for stimulants increased 47% from 189 in 2000 to 277 in 2001.
  - **Methamphetamine labs seizures by Michigan State Police have increased (14 in 1999, to 105 in 2002), and it is estimated lab seizures will exceed 200 in 2002.**
  - **Customs seizures of drugs have increased** (Seizures of ecstasy at Michigan borders and airports grew from 14,145 pills in 1998, to almost 400,000 pills in 2001).
  - **Drug associated deaths have increased** ( the number of deceased persons tested positive for heroin rose from 118 in 1992 to 308 in 1998—an increase of 161%; the number the number of deceased persons testing positive for cocaine grew from 262 to 384—representing a 47% increase).
- **More than two thirds of Michigan prisoners have been assessed as having a substance abuse problem.** 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. While we do not know exactly

what percentage of technical violations solely involved drug use, 25% of admissions to Michigan prisons were for technical parole violations.

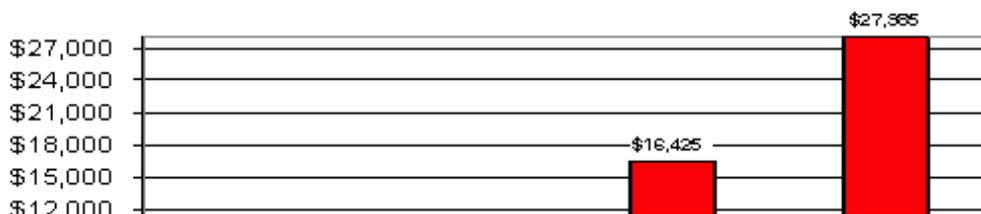
### 3. How Do the Costs of Incarcerating Individuals Convicted of Drug Offenses Compare with the Costs of Providing Drug Rehabilitation Treatment to Offenders in Michigan?

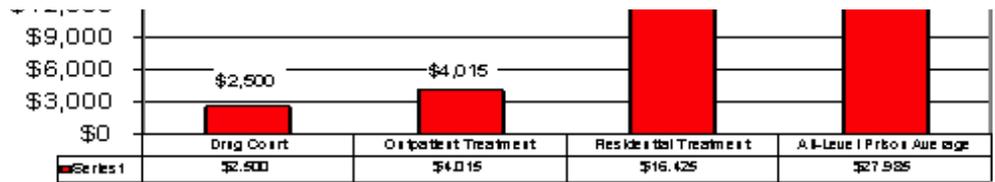
It costs substantially more to incarcerate individuals convicted of drug offenses than to provide drug rehabilitation treatment to offenders, both nationally and in Michigan.

#### Cost of Treatment versus Incarceration

- National studies have shown that it is cheaper to treat drug offenders than to imprison them.** A study by the Rand Corporation showed that for every dollar spent on drug and alcohol treatment, a state can save \$7 in reduced crime. Using treatment instead of prison can also realize cost savings by avoiding new prison construction costs, and if prison commitments are reduced or held constant, further savings will accrue.
- Surveys of program costs in Michigan show that, currently, it is cheaper to refer people to drug treatment programs than to incarcerate them.** MDOC outpatient treatment costs averaged \$10-\$12 per day per client. Residential treatment averaged \$45 per day per client. Prison, by contrast, costs about \$77 per day.

**Average Annual Costs of Treatment versus Incarceration:  
Michigan Department of Corrections (1999-2000)**





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

- Diverting significant proportions of drug offenders from prison to treatment could save the state millions of dollars.** 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. If the drug prisoner population remains constant, but half of all drug prisoners were diverted to year-long residential treatment, the state of Michigan could save an estimated \$178.7 million over the next 5-years.

| <b>Comparison<br/>of Michigan's 5-Year Costs (Millions of Dollars)</b>                              |                   |                   |                   |                   |                   |                        |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|------------------------|
| <b>for Processing<br/>5,713 Drug Offenders: Prison Model versus Residential<br/>Treatment Model</b> |                   |                   |                   |                   |                   |                        |
|   | <i>Year<br/>1</i> | <i>Year<br/>2</i> | <i>Year<br/>3</i> | <i>Year<br/>4</i> | <i>Year<br/>5</i> | <i>GRAND<br/>TOTAL</i> |
| Cost of Prison Model  | \$159.9M          | \$166.3M          | \$172.9M          | \$179.8M          | \$187.0M          | <b>\$865.9M</b>        |
| Cost of Residential Treatment Model   | \$126.9M          | \$132.0M          | \$137.2M          | \$142.7M          | \$148.4M          | <b>\$687.2M</b>        |
| <b>Savings</b>  | \$33.0M           | \$34.3M           | \$35.7M           | \$37.1M           | \$38.6M           | <b>\$178.7M</b>        |

### Conclusions

- Drug use in Michigan is an increasingly serious problem, and the increased use of incarceration over the last two decades has not been associated**

**with declining drug arrests, drug use and abuse.**

- **Despite the increase in treatment offered by the MDOC, substance abuse remains a serious problem among Michigan prisoners.** 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.
- **The State of Michigan is spending a great deal of money on incarcerating people for drug crimes—approximately \$160 million per year.**

## Recommendations

- **Michigan should adopt more effective and cost efficient ways of dealing with the problem of substance abuse.** 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. Given the fact that approximately 70% of individuals convicted of drug offenses are convicted for offenses involving relatively small quantities of drugs, and most of those convicted have substance abuse or dependency problems, recent reforms to Michigan's mandatory minimum laws represent only the beginning of a more cost effective corrections policy concerning the state's drug offenders.
- **Michigan should begin with reassessing the way it handles technical parole violators.** One way to effect the above recommendations would be to divert substantial numbers of technical parole violators into outpatient treatment and other cost effective alternatives to incarceration. Michigan should also collect better data on, and consider new policies for, people returned to prison for technical violations of parole involving drug use or abuse.

## Methodology

The report drew upon data from a variety of sources, including information and data from a variety of government sources, including Michigan Police (Uniform Crime Reports); State of Michigan Department of Community Health, State of Michigan Department of Corrections (Statistical Reports; and Annual Reports, Substance Abuse Programs Section); and The National Association of Drug Court Professionals; Drug Court Standards Committee; and U.S. Department of Health and Human Services; Substance Abuse and Mental Health Services Administration; Office of Applied Studies. An extensive list of sources and publications used in this analysis can be found in the full report, which is posted on-line at and <http://www.icyf.msu.edu>.

## **About the Report**

This report was prepared by the Institute for Children, Youth, and Families (ICYF) at Michigan State University, and commissioned by The Justice Policy Institute. This report was funded by the Criminal Justice Initiative of the Open Society Institute.

## **About the Report Authors**

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