

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4833-01
Bill No.: HB 1142
Subject: Probation and Parole; Crimes and Punishment; Corrections Department
Type: Original
Date: January 30, 2012

Bill Summary: This proposal changes the requirements for the provision of private probation services.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	Unknown - could exceed \$100,000	Unknown - could exceed \$100,000	Unknown - could exceed \$100,000
Total Estimated Net Effect on General Revenue Fund	Unknown - could exceed \$100,000	Unknown - could exceed \$100,000	Unknown - could exceed \$100,000

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Inmate Revolving	(Unknown - could exceed \$100,000)	(Unknown - could exceed \$100,000)	(Unknown - could exceed \$100,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown - could exceed \$100,000)	(Unknown - could exceed \$100,000)	(Unknown - could exceed \$100,000)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

RS:LR:OD

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the State Courts Administrator** assume the proposal would not fiscally impact the courts.

Officials from the **Department of Corrections (DOC)** state passage of this proposed legislation would create the potential for an unknown impact for DOC's Division of Probation and Parole (P&P).

The potential exists for a unknown negative fiscal impact due to reduced intervention fee collections if the P&P caseload were reduced. The intervention fee funds pay for substance abuse and mental health treatment, residential facilities, and electronic monitoring services, to name a few.

The potential exists for a unknown cost avoidance if the P&P caseload were reduced. It would be difficult to determine the cost avoidance due to the fact that the pool of offenders that can be supervised by a private probation and parole supervision provider could include sex offenders and other offenders who have been convicted of crimes against persons. These offenders have specialized supervision requirements that require intensive monitoring of compliance to aid in providing safety to the public. The savings to General Revenue due to the reduced case load supervised by the DOC's Division of Probation and Parole is assumed to be an unknown amount in each fiscal year

In response to several proposals from this year, DOC stated that persons supervised by the Board of Probation and Parole cost an average of \$5.12 per offender, per day or an annual cost of \$1,869 per offender. This proposal expands the pool of offenders that could be supervised by private probation services instead of DOC. Therefore, **Oversight** assumes this could potentially decrease the number of persons supervised by DOC and result in savings to the General Revenue Fund. Without taking in account fixed costs versus variable costs, in a simplistic formula, only 54 offenders ($54 \times \$1,869 = \$100,926$) would need to be supervised by a private firm to reach the \$100,000 threshold.

According to the submitted budget for the DOC, as of January 2012, there are 73,188 offenders under the supervision of the Division of Probation and Parole. "The caseload supervision level distribution was Assessment 8.25%, Level III (high-risk) 19.84%, Level II (medium-risk) 38.37%, Level I (low-risk) 31.1% and Absconders 2.39%. The total number of cases served during the past year (FY 2011) was 111,237 and is projected to stay near that level in FY 13." It appears the Level I (low-risk) cases must contact Contracted Monitoring Services (CMS) once

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ASSUMPTION (continued)

per month.

Oversight does not have information regarding the number of Class C and Class D felons being served by DOC's Division of Probation and Parole. Also, Oversight does not know how many circuit and associate circuit judges in a circuit court contract with private entities to provide supervision services. Oversight will assume this proposal could result in a savings to the state General Revenue Fund of over \$100,000 annually.

According to the **Office of the State Treasurer**, the Inmate Revolving Fund (0540) had approximately \$12.1 million in receipts in FY 2011 (and \$13.3 million in FY 2010). DOC states approximately \$11.2 million of the FY 2011 total were intervention fees, which are collected for providing probation and parole services (DOC states they can bill up to \$30 per month for these services). **Oversight** assumes that only 278 persons paying the monthly intervention fee to the state would have to be switched to a private service to reach an annual loss of \$100,000 to the Inmate Revolving Fund (\$30 x 12 months x 278 persons = \$100,080 annual loss of income). Therefore, Oversight will also reflect a potential loss of income to the Inmate Revolving Fund of possibly over \$100,000 annually.

Oversight assumes the changes to Section 559.604, raising the ceiling on what private probation services could charge from \$50 to \$65 per month, would not fiscally impact the state.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
GENERAL REVENUE			
<u>Savings - Department of Corrections</u>			
Expansion of the offenders that could now be supervised by private probation services instead of the Division of Probation and Parole.	Unknown - could exceed <u>\$100,000</u>	Unknown - could exceed <u>\$100,000</u>	Unknown - could exceed <u>\$100,000</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	Unknown - could exceed <u>\$100,000</u>	Unknown - could exceed <u>\$100,000</u>	Unknown - could exceed <u>\$100,000</u>

FISCAL IMPACT - State Government
 (continued)

FY 2013
 (10 Mo.)

FY 2014

FY 2015

INMATE REVOLVING FUND

Loss - \$30 per month intervention fee that used to be paid to the state for probation and parole services would now be paid to the private company

(Unknown -
 could exceed
\$100,000)

(Unknown -
 could exceed
\$100,000)

(Unknown -
 could exceed
\$100,000)

**ESTIMATED NET FISCAL IMPACT
 TO THE INMATE REVOLVING
 FUND**

(Unknown -
 could exceed
\$100,000)

(Unknown -
 could exceed
\$100,000)

(Unknown -
 could exceed
\$100,000)

FISCAL IMPACT - Local Government

FY 2013
 (10 Mo.)

FY 2014

FY 2015

\$0

\$0

\$0

FISCAL IMPACT - Small Business

Small businesses that provide probation and parole services for the state would be positively impacted by the potential addition clients as well as the ability to charge \$65 (instead of \$50) monthly as a result of this proposal.

FISCAL DESCRIPTION

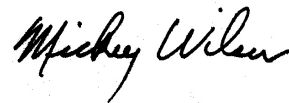
This proposal authorizes judges in a circuit court which contracts with private or other court-approved entities for probation services to use, at their discretion, these services for persons who have been convicted of a class C or class D felony. The maximum amount that can be charged by private probation service providers is increased from \$50 to \$65 per month.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

RS:LR:OD

SOURCES OF INFORMATION

Department of Corrections
Office of the State Courts Administrator
Office of the State Treasurer

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
January 30, 2012