

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1836-01
Bill No.: SB 413
Subject: Department of Corrections; County Governments; Prisons and Jails
Type: Original
Date: February 27, 2017

Bill Summary: This proposal provides that after July 1, 2018, the amount paid to counties for the local incarceration of prisoners shall not be less than one half of the amount paid to the Department of Corrections.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	\$0	(\$13,300,000)	(\$13,300,000)
Total Estimated Net Effect on General Revenue	\$0	(\$13,300,000)	(\$13,300,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Local Government	\$0	\$13,300,000	\$13,300,000

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Corrections (DOC)** state based upon the language change in this legislation, DOC is unable to calculate a fiscal impact.

The language states that "on and after July 1, 2018, the amount appropriated per day per prisoner shall not be less than fifty percent of the reimbursement rate per prisoner per day paid to the department of corrections." However, DOC is not reimbursed for the cost of incarcerating offenders. Instead, funding is appropriated to pay for the costs of incarceration. Therefore, DOC is unable to determine what rate would be used to calculate an impact.

The Department does calculate a yearly cost per offender but it is based upon the previous year's actual expenditures and the number of incarcerated offenders and it changes annually.

The cost of a one dollar per day increase in the reimbursement rate to counties is approximately \$1.75 million.

Officials from the **Office of Administration - Budget and Planning (BAP)** state this legislation involves cost reimbursements, which do not impact TSR. There would be no impact to the calculation under Article X, Section 18(e).

BAP defers to DOC for an estimate of the fiscal impact. The FY 2017 reimbursement rate was appropriated at \$22.58 per offender per day, but is currently being paid at \$21.08 due to an expenditure restriction resulting from below forecast revenues.

Officials from **St. Louis County** state the proposed legislation would increase the per day per prisoner reimbursement rate from \$21.58 to \$28.88. This increase would generate an average of an additional \$108,641 per month, or \$1,303,692 per year for St. Louis County Department of Justice Services.

Officials from **Callaway County** assume this would have an unknown impact.

DOC further stated the \$6,085 amount currently used in their fiscal note responses for annual additional costs per new prisoner reflects the variable costs of incarceration. If an additional prison or additional staff (FTE) would be required, then that amount would not be valid.
($\$6,085 / 365 = \16.67 per day)

ASSUMPTION (continued)

Currently, DOC is paying (with Governor's restriction) \$21.08 per day per prisoner. Below is the historical rates paid to counties for incarcerations and the total expenditures by fiscal year:

State appropriated daily incarceration rate per offender

Year	Reimbursement Rate
7/1/98 - 6/30/02	\$22.50
7/1/02 -6/30/07	\$20.00
7/1/07 -6/30/08	\$21.25
7/1/08 - 6/30/10	\$22.00
7/1/10 -9/30/14	\$19.58
10/1/14-6/30/15	\$21.58
7/1/15 - 6/30/16	\$20.58
7/1/16 - current	\$21.08

Source: Department of Corrections

Total Reimbursements Paid by DOC to Counties

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017 (appropriated)
Transportation	\$2,022,861	\$1,892,884	\$1,961,275	\$2,282,801	\$1,900,000
Extradition	\$1,788,868	\$1,506,710	\$2,225,073	\$1,307,207	\$1,900,000
Costs of incarceration	\$34,248,319	\$33,518,537	\$39,143,794	\$36,226,992	\$39,530,272
Total	\$38,060,048	\$36,918,131	\$43,330,142	\$39,817,000	\$43,330,272

Source: Department of Corrections

ASSUMPTION (continued)

If all DOC expenditures are included, DOC said the daily expenditure per prisoner is closer to \$57.38 per day. One-half of this would be \$28.69.

DOC's average cost per offender per day

Year	Average cost per offender per day	Average daily prison population
FY 2014 actual	\$57.53	31,670
FY 2015 actual	\$57.76	32,095
FY 2016 actual	\$57.38	32,561
FY 2017 projected	\$59.11	33,017
FY 2018 projected	\$60.88	33,376
FY 2019 projected	\$62.71	33,733

Source: Department of Corrections

Using DOC's estimate of \$57.38 per day as their total cost per prisoner and DOC's estimate of an additional \$1.75 million per dollar increase in reimbursement to the counties. Oversight will assume a cost of this bill of:

DOC's estimate of total cost per prisoner		\$57.38 per day
one half (\$57.38/2)	=	\$28.69 per day
Current reimbursement rate to counties	=	<u>\$21.08 per day</u>
Increase in reimbursement needed	=	\$ 7.61 per day
DOC's estimate of increase costs		
per each \$1 increase in reimbursement	=	<u>x \$1,750,000</u>
Total Costs to the State (approximately)	=	\$13,300,000

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
GENERAL REVENUE FUND			
<u>Costs</u> - DOC - §221.105 - DOC is required to pay at least 50% of the amount they receive for housing prisoners as reimbursement to counties	<u>\$0</u>	<u>(\$13,300,000)</u>	<u>(\$13,300,000)</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$0</u>	<u>(\$13,300,000)</u>	<u>(\$13,300,000)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
COUNTIES			
<u>Revenue</u> - §221.105 - proposal requires DOC to increase the daily reimbursement per prisoner paid to counties starting July 1, 2018	<u>\$0</u>	<u>\$13,300,000</u>	<u>\$13,300,000</u>
ESTIMATED NET EFFECT TO COUNTIES	<u>\$0</u>	<u>\$13,300,000</u>	<u>\$13,300,000</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

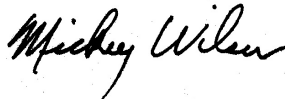
Under current law, counties and the City of St. Louis are reimbursed by the state for the cost of incarcerating prisoners in county jails and similar facilities, under certain circumstances.

This act provides that, on and after July 1, 2018, the amount appropriated per day per prisoner for prisoners kept by counties and the City of St. Louis shall not be less than 50% of the rate paid to the Department of Corrections for prisoners in its custody.

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

SOURCES OF INFORMATION

Department of Corrections
Office of Administration - Budget and Planning
St. Louis County
Callaway County



Mickey Wilson, CPA
Director
February 27, 2017

Ross Strope
Assistant Director
February 27, 2017