



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

HB0174 - Requiring certain costs paid to detention centers to be based on actual costs (Seekins-Crowe, Kerri)

Status: As Amended in House Committee

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
Expenditures:				
General Fund - DoC	\$2,496,233	\$2,734,465	\$2,870,788	\$3,009,156
General Fund - DoJ	\$315,450	\$315,450	\$320,182	\$324,985
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>(\$2,811,683)</u>	<u>(\$3,049,915)</u>	<u>(\$3,190,970)</u>	<u>(\$3,334,141)</u>

Description of fiscal impact: HB 174 requires the reimbursement rates paid to county jails to be calculated using tiered rates based on bed capacity and adjusted each year based on the prior year's consumer price index growth rate percentage. This would increase the operating expenses for the Department of Corrections (DoC) and the Montana Highway Patrol (MHP).

FISCAL ANALYSIS

Assumptions:

- Section 1 of the bill requires that the DoC reimburse county detention centers for the confinement of offenders at a rate that is based on the actual costs of confinement. The legislation defines actual costs as \$84 per day for detention centers with bed capacity under 25, \$88 per day for detention centers with bed capacity of 25 to 70, and \$92 per day for detention centers with a bed capacity of 70 or more. Reimbursement rates for county jails are currently capped at \$69.63 per day.
- The DoC utilized 93,206 bed days in multiple counties across the state in FY 2022.

3. The DoC calculated fiscal year costs based on the tiered rates laid out in legislation. The legislation dictates that the department update county jail per diem rates based on the consumer price index growth rate percentage as of October 1 each fiscal year. The department assumed an increase from the rates dictated in HB 174 of 6.5%, based on the 2022 consumer price index growth rate percentage, for the periods 10/01/23 – 9/30/24. The department then assumed a 1.5% increase (compounded) for the periods 10/1/24 – 9/30/25, 10/1/25 – 9/30/26, 10/1/26 – 6/30/27. Based on those calculations and assuming the same number of county jail holds as was utilized in FY 2022, the anticipated expense of county jail holds each year is:
- FY 2024 - \$ 8,849,971
 - FY 2025 - \$ 9,088,203
 - FY 2026 - \$ 9,224,526
 - FY 2027 - \$ 9,362,894
4. The department's current annual appropriation for county jail holds is \$6,353,738. The department would need additional operating authority to cover the difference between the anticipated expense and the current appropriation.

Department of Justice (DoJ) – Montana Highway Patrol (MHP)

5. MHP assumes with the passing of the bill that the average cost of an inmate would be \$88 per day. The current cost of an inmate per day is \$69.63, and there was an average of 1,431 inmates per month from July 2022 to November 2022. The difference from the \$88 average cost and the \$69.63 current cost per day is \$18.37. $1,431 \times 18.37 = \$26,287.47$. $\$26,287.47 \times 12 \text{ months} = \$315,449.64$.
6. MHP assumes a 1.5% inflation in FY 2026 and 2027.

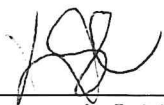
	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Operating Expenses - DoJ	\$2,496,233	\$2,734,465	\$2,870,788	\$3,009,156
Operating Expenses - DoC	\$315,450	\$315,450	\$320,182	\$324,985
TOTAL Expenditures	\$2,811,683	\$3,049,915	\$3,190,970	\$3,334,141
<u>Funding of Expenditures:</u>				
General Fund (01)	\$2,811,683	\$3,049,915	\$3,190,970	\$3,334,141
TOTAL Funding of Exp.	\$2,811,683	\$3,049,915	\$3,190,970	\$3,334,141
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
TOTAL Revenues	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$2,811,683)	(\$3,049,915)	(\$3,190,970)	(\$3,334,141)

Effect on County or Other Local Revenues or Expenditures:

1. The rate methodology in HB 174 would provide increased revenue to counties across the state.

Technical Notes:

1. Basing the rate adjustment on the published CPI each year will make projections for budget development purposes difficult. If the CPI adjusted rate increases the per diem rate more than the department projected for its budget request, it would result in an increased likelihood of DoC requesting a supplemental appropriation each biennium.



Sponsor's Initials



Date



Budget Director's Initials



Date