



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 - Revised

- | | | |
|---|--|--|
| <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 Difference</u> | <u>FY 2025 Difference</u> | <u>FY 2026 Difference</u> | <u>FY 2027 Difference</u> |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Expenditures: | | | | |
| General Fund - DoC | \$1,363,752 | \$1,363,752 | \$1,479,514 | \$1,579,013 |
| General Fund - DoJ | \$226,155 | \$226,155 | \$247,449 | \$269,085 |
| Revenue: | | | | |
| General Fund | \$0 | \$0 | \$0 | \$0 |
| State Special Revenue | \$0 | \$0 | \$0 | \$0 |
| Net Impact-General Fund Balance: | <u>(\$1,589,907)</u> | <u>(\$1,589,907)</u> | <u>(\$1,726,963)</u> | <u>(\$1,848,098)</u> |

Description of fiscal impact: HB 174, as amended, requires the reimbursement rates paid to county jails to be calculated using \$82.00 per bed per day or the per diem rate for Crossroads Correctional Facility (CCF) less 10%, whichever is higher. This would increase the current expenses for county jail holds for the Department of Corrections (DoC). This would increase the operating expenses for the Department of Corrections (DoC) and the Montana Highway Patrol (MHP). The estimated fiscal impact is approximately \$3 million general fund per biennium. Should the inmate provider rate for CCF increase prior to the close of the current legislative session, this fiscal impact would change.

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 the daily per

inmate provider rate for CCF less 10% or \$82.00 per day, whichever is greater. Reimbursement rates for county jails are currently capped at \$69.63 per day.

2. The current per inmate provider rate for CCF is \$77.00 per bed day. The version of HB 2 passed by the House increases the CCF rate to \$92.00 per bed per day in FY 2024 and FY 2025. The department assumes an additional 1.5% inflationary increase on the CCF budgeted rate for each year of the following biennium, resulting in a projected per diem rate of \$93.38 in FY 2026 and \$94.78 in FY 2027. The increase in per diem to CCF would bring the county jail rate to \$82.80 in FY 2024 and 2025, \$84.04 in FY 2026 and \$85.30 in FY 2027.
3. The DoC utilized 93,206 bed days in multiple counties across the state in FY 2022.
4. The DoC calculated fiscal year costs based on the legislative rate of \$82.00, as it would be greater than the projected rate for CCF less 10%. Based on the \$82.00 per diem rate calculation 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:
 - a. FY 2024 - \$ 7,717,490
 - b. FY 2025 - \$ 7,717,490
 - c. FY 2026 - \$ 7,833,252
 - d. FY 2027 - \$ 7,950,751
5. The department's current annual appropriation for county jail holds is \$6,353,738. The department would need additional funding to cover the difference between the anticipated expense and the current appropriation.
6. Should the inmate provider rate for CCF increase prior to the close of the current legislative session, this fiscal impact would change.

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

7. MHP assumes with the passing of the bill that the average cost of an inmate would be \$82.80 per day in the 2025 biennium, \$84.04 in FY 2026, and \$85.30 in FY 2027. The current cost of an inmate per day is \$69.63, and there were an average of 1,431 inmates per month from July 2022 to November 2022. The difference between the \$82.80 average cost and the \$69.63 current cost per day is \$13.17. $1,431 \times 13.17 = \$18,846.27$. $\$18,846.27 \times 12 \text{ months} = \$226,155$.

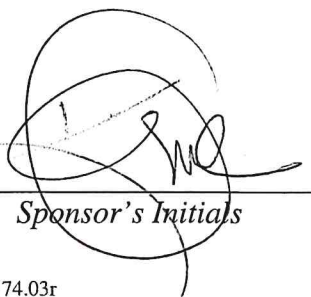
| | <u>FY 2024</u> <u>Difference</u> | <u>FY 2025</u> <u>Difference</u> | <u>FY 2026</u> <u>Difference</u> | <u>FY 2027</u> <u>Difference</u> |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| <u>Fiscal Impact:</u> | | | | |
| <u>Expenditures:</u> | | | | |
| Operating Expenses —DoC | \$1,363,752 | \$1,363,752 | \$1,479,514 | \$1,597,013 |
| Operating Expenses - DOJ | \$226,155 | \$226,155 | \$247,449 | \$269,085 |
| TOTAL Expenditures | <u>\$1,589,907</u> | <u>\$1,589,907</u> | <u>\$1,726,963</u> | <u>\$1,866,098</u> |
| <u>Funding of Expenditures:</u> | | | | |
| General Fund (01) | \$1,589,907 | \$1,589,907 | \$1,726,963 | \$1,866,098 |
| TOTAL Funding of Exp. | <u>\$1,589,907</u> | <u>\$1,589,907</u> | <u>\$1,726,963</u> | <u>\$1,866,098</u> |
| <u>Revenues:</u> | | | | |
| General Fund (01) | \$0 | \$0 | \$0 | \$0 |
| TOTAL Revenues | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u> | | | | |
| General Fund (01) | (\$1,589,907) | (\$1,589,907) | (\$1,726,963) | (\$1,866,098) |

Effect on County or Other Local Revenues or Expenditures:

1. The rate methodology in HB 174 would provide increased revenue of approximately \$1.5 million per year to counties across the state.

Technical Notes:

1. The legislation does not specify when the DoC must adjust the county jail reimbursement rates based on the CCF per diem rate. The current contract renewal between CCF and DoC is for a period of two years, ending June 30, 2023. The bill does not address how a new rate with CCF would affect the county jail rate calculation.



Sponsor's Initials

4-6-23

Date



Budget Director's Initials

4-5-23

Date