



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 Introduced

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|--|---|--|
| <input checked="" type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" 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	\$2,499,410	\$2,833,303	\$2,960,976	\$3,088,648
General Fund - DoJ	\$503,593	\$503,593	\$511,147	\$518,814
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>(\$3,003,003)</u>	<u>(\$3,336,896)</u>	<u>(\$3,472,123)</u>	<u>(\$3,607,462)</u>

Description of fiscal impact: HB 174 requires the reimbursement rates paid to county jails to be calculated using actual costs, which would increase both personal services and operating expenses for the Department of Corrections (DoC). This bill would also increase incarceration costs for the Department of Justice (DoJ)/Montana Highway Patrol (MHP).

FISCAL ANALYSIS

Assumptions:

Department of Corrections (DoC)

- Section 2 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. Reimbursement rates for county jails are currently capped at \$69.63 per day.
- The department will draft rules to clarify the process for submission of actual costs, to include required documentation and timelines. It is assumed there will be a five-page rule notice and a two-page adoption

- notice, with a cost to the department from the Secretary of State of \$420. The department anticipates a two-hour hearing to take comments from the public on the proposed rules with a hearing officer and court reporter present to record comments and provide a transcript, with an estimate of \$450. The total is \$870.
3. Section 2 of the bill gives DoC authority to audit actual cost rate submissions and clarifies that such audit would be at the department's expense. The department anticipates that this would require the addition of 1.00 FTE, classified as an Accountant 1. The position cost for FY 2024 and FY 2025 is based on a similar position within DoC. This fiscal note assumes a 1.5% increase (compounded) for FY 2026 and FY 2027. The position would also require the \$2,800 for a new employee package.
 4. The DoC utilized 93,206 bed days in multiple counties across the state in FY 2022.
 5. The last time DoC had negotiated rates with the counties was FY 2011. DoC calculated a 2% increase (compounded) of 2011 actual cost rates for each year through FY 2023. DoC then calculated a 4% increase (compounded) for FY 2024 and FY 2025 and a 1.5% increase (compounded) for FY 2026 and FY 2027. 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:
 - a. FY 2024 - \$8,782,135
 - b. FY 2025 - \$9,119,909
 - c. FY 2026 - \$9,246,574
 - d. FY 2027 - \$9,373,240
 6. The department's current appropriation for county jail holds is \$6,353,738. The department would need additional operating expense appropriation to cover the difference between the anticipated expense and the current appropriation.

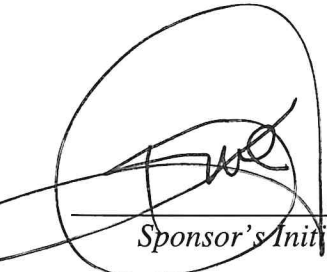

Department of Justice (DoJ) – Montana Highway Patrol (MHP)

7. In FY 2022, MHP paid an average of \$127,170 per month in prisoner housing costs for a total annual cost of \$1,526,040.
8. Currently, MHP is limited to paying \$69.63 per day in prisoner costs per HB2.
9. Several counties (Yellowstone, Park, Gallatin, Missoula, and Cascade) include, or have previously included, their actual costs on the monthly invoices sent to MHP. The average rates those counties list on their invoices is 33% above what MHP is paying.
10. MHP assumes an annual increase of \$503,593 would be realized in prisoner costs if the counties each increased their billing by 33%.
11. An inflationary increase of 1.5% is reflected for in FY 2026 and FY 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>				
FTE	1.00	1.00	1.00	1.00
<u>Expenditures:</u>				
Personal Services - DoC	\$67,344	\$67,132	\$68,139	\$69,146
Operating Expenses - DoC	\$2,432,067	\$2,766,171	\$2,892,836	\$3,019,502
Operating Expenses - DoJ	\$503,593	\$503,593	\$511,147	\$518,814
TOTAL Expenditures	<u>\$3,003,003</u>	<u>\$3,336,896</u>	<u>\$3,472,123</u>	<u>\$3,607,462</u>
<u>Funding of Expenditures:</u>				
General Fund (01) - DoC	\$2,499,410	\$2,833,303	\$2,960,976	\$3,088,648
General Fund (01) - DoJ	\$503,593	\$503,593	\$511,147	\$518,814
TOTAL Funding of Exp.	<u>\$3,003,003</u>	<u>\$3,336,896</u>	<u>\$3,472,123</u>	<u>\$3,607,462</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)	(\$3,003,003)	(\$3,336,896)	(\$3,472,123)	(\$3,607,462)

Effect on County or Other Local Revenues or Expenditures:

- HB 174 will increase revenue generation for county jails.

 _____ Sponsor's Initials	1-16-2023 _____ Date	 _____ Budget Director's Initials	1-12-23 _____ Date
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