



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2023 Biennium

Bill # HB0584

Title: Requiring certain costs paid to detention center be based on actual costs

Primary Sponsor: Seekins-Crowe, Kerri

Status: As Introduced

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
Expenditures:				
General Fund	\$2,174,556	\$2,464,032	\$2,765,086	\$3,078,183
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>(\$2,174,556)</u>	<u>(\$2,464,032)</u>	<u>(\$2,765,086)</u>	<u>(\$3,078,183)</u>

Description of fiscal impact: HB 584 would require the Department of Corrections (DOC) to negotiate per diem rates with detention centers based on actual costs. This bill also states that the costs of holding the person in confinement must be paid by the arresting agency at a rate that is “based on the actual costs of confinement, excluding capital construction cost unless otherwise agreed by the arresting agency and the operator of the detention center.”

FISCAL ANALYSIS

Assumptions:

Department of Corrections

1. Currently the legislature sets the daily per diem rates for reimbursement. This bill provides for a new cost method to pay providers. The new method will have a fiscal impact to the DOC current budget.
2. The DOC calculated the new per diem rates based on an inflationary adjustment and by eliminating the capped rates, to quantify the potential fiscal impact.
3. Based on this inflationary adjustment and the average number of bed-days that the department pays for incarceration in a detention center, the estimated increased cost for FY 2022 is \$2,174,556 rising to \$3,078,183 by FY 2025.
4. The Department of Corrections is funded by the general fund.

5. If the actual costs of confinement differ from current rates, then the fiscal impacts from this bill will vary.
6. This bill also states that the costs of holding the person in confinement must be paid by the arresting agency at a rate that is “based on the actual costs of confinement, excluding capital construction cost unless otherwise agreed by the arresting agency and the operator of the detention center.” This provision could also increase costs for arresting agencies, such as the Montana Highway Patrol, and increase revenues for county detention facilities. However, the provision allows the parties to agree to a different rate makes the impacts of this provision difficult to quantify.

	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Personal Services	\$0	\$0	\$0	\$0
Operating Expenses	\$2,174,556	\$2,464,032	\$2,765,086	\$3,078,183
TOTAL Expenditures	<u>\$2,174,556</u>	<u>\$2,464,032</u>	<u>\$2,765,086</u>	<u>\$3,078,183</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$2,174,556	\$2,464,032	\$2,765,086	\$3,078,183
TOTAL Funding of Exp.	<u>\$2,174,556</u>	<u>\$2,464,032</u>	<u>\$2,765,086</u>	<u>\$3,078,183</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)	(\$2,174,556)	(\$2,464,032)	(\$2,765,086)	(\$3,078,183)

NOT SIGNED BY SPONSOR

<hr/> Sponsor's Initials	3/1/21 <hr/> Date	AS for KA <hr/> Budget Director's Initials	3/1/21 <hr/> Date
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