

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2587-03  
Bill No.: SB 1170  
Subject: Crimes and Punishment; Criminal Procedure; Drugs and Controlled Substances;  
Mental Health  
Type: Original  
Date: March 2, 2004

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	(Unknown exceeding \$449,603)	(Unknown exceeding \$501,386)	(Unknown exceeding \$514,173)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown exceeding \$449,603)</b>	<b>(Unknown exceeding \$501,386)</b>	<b>(Unknown exceeding \$514,173)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Rehabilitation Fund	(\$11,376,992 to \$41,499,292)	(\$11,720,048 to \$42,761,010)	(\$12,074,439 to \$44,062,686)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$11,376,992 to \$41,499,292)</b>	<b>(\$11,720,048 to \$42,761,010)</b>	<b>(\$12,074,439 to \$44,062,686)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the **Office of State Treasurer** assume the proposal will have no fiscal impact on their organization.

Officials from the **Office of State Courts Administrator (CTS)** state the proposal would require certain nonviolent offenders to participate in community-based substance abuse treatment programs. Offenders under supervision would be required to pay \$25 per month.

As written, it does not appear that the court will be responsible for collecting and disbursing the monthly fee, so the CTS does not anticipate a fiscal impact as a result of this proposal.

Officials from the **Office of Prosecution Services** assume any costs associated with the proposal will be absorbable within current funding levels.

Officials from the **Department of Corrections (DOC)** state the DOC would lose the flexibility of referral for offenders who are sentenced to probation. The DOC would need to identify the provider when it may be the offender hasn't yet been interviewed and/or counseled. Determination of provider's waiting lists is currently taken into account. The flexibility to shift between providers would be lost. The 14-day limit for providers to complete an assessment may backlog the system and extend the time on waiting lists.

ASSUMPTION (continued)

Billing of offenders could lead to some additional revocation if offenders abscond or willfully refuse to pay the billing. It may be additional staff could be required if time spent in communication regarding collections, etc., between Probation & Parole officers and their clients is extended. Provisions state that no offender shall be released from supervision who have not paid his/her rehabilitation fees. This may extend supervision beyond the sentence for the crime, and therefore, unconstitutional.

The fiscal impact due to the passage of this proposal cannot be estimated and is unknown.

Officials from the **Office of State Public Defender (SPD)** state the proposal requires certain nonviolent offenders to participate in community-based substance abuse treatment programs. The SPD believes more people will violate probation due to failure to complete the proposed "treatment" plans. The SPD estimates there will be a 10% increase in probation violation cases for approximately 1,100 additional cases each year. The SPD estimates this increase in workload will require five (5) additional Assistant Public Defenders, two (2) Paralegal/Investigators, and one (1) Clerk Typist plus related equipment and expenses.

Officials from the **Department of Mental Health (DMH)** state the Division of Probation and Parole (DPP), in December 2003, had 66,726 offenders under its supervision. Of this number, 22,100 had drug/substance abuse offenses and the DMH - Division of Alcohol and Drug Abuse (ADA) estimates that approximately 10,607 of this number were served by ADA providers. An estimated 5,525 of the 66,726 had a mental illness requiring medication or clinical consultation for a total of 27,625 (22,100 + 5,525) requiring treatment by the DMH.

In order to collect and track monthly payments from offenders supervised by the DPP, the DMH will contract with a private collection agency. The cost is expected to be approximately 2.8% of fees collected based on information received from the Kansas model. The Kansas program contracts with a bank to collect funds and the amount charged equals 2.8% of collections. The DMH's assumption is that a collection agency will retain 2.8% of fees collected. The collection estimates are based on 60% collection from all offenders under the supervision of DPP. A similar program in Kansas generates a collection rate of 60%.

**Revenues:** Assuming an annual growth in offenders under the supervision of the DPP of 3.05% (December, 2003 - 66,726; December, 2004 - 68,761 (66,726 X 3.05%); December, 2005 - 70,858 (66,761 X 3.05% X 3.05%)), payment of \$300 per year per offender, the 60% collection rate experienced in Kansas, and collection costs of 2.8%, the total revenue would be \$11,674,381 for the first year, \$12,030,425 for the second year, and \$12,397,316 in the third year.

ASSUMPTION (continued)

**Expenditures - ADA Clients:** The range in average cost to treat substance abuse clients in a General Treatment program is \$911 to \$2,274. In addition, the DMH assumes a portion of these individuals were served by ADA providers. However, the duration of treatment services for these individuals is less than the requirements of this proposal. Therefore, the average cost for current clients is less.

**Expenditures - CPS Clients:** The average General Revenue cost in community placement for Comprehensive Psychiatric Service (CPS) forensic clients to treat offenders with a mental illness requiring medication or clinical consultation is \$2,250 per year.

**Expenditures - Evaluations:** In addition, the DMH estimates a cost of \$150,000 annually to provide an evaluation and annual report on the impact of this proposal.

Officials from the **Office of the Secretary of State (SOS)** state Department of Corrections, State Board of Probation and Parole and the Department of Mental Health are charged with administering a “mental health program” and a “substance abuse treatment program” for persons on parole or probation. Based on experience with other divisions, the rules, regulations and forms issued by the Department of Corrections and the Department of Mental Health could require as many as 36 pages in the *Code of State Regulations*. For any given rule, roughly one-half again as many pages are published in the *Missouri Register* as are published in the Code because cost statements, fiscal notes and notices are not published in the Code. The estimated cost of a page in the *Missouri Register* is \$23.00. The estimated cost of a page in the *Code of State Regulations* is \$27.00. The actual costs could be more or less than the numbers given. The fiscal impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded and withdrawn. The SOS estimates the cost of this legislation to be \$2,214 [(36 pp x \$27) + (54 pp x \$23)].

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
<b>GENERAL REVENUE FUND</b>			
<u>Costs - Department of Corrections</u>			
Additional P&P supervision	(Unknown)	(Unknown)	(Unknown)
<u>Costs - Office of State Public Defender</u>			
Personal service costs (8 FTE)	(\$259,264)	(\$318,894)	(\$326,866)
Fringe benefits	(\$107,335)	(\$132,022)	(\$135,323)
Equipment and expense	(\$83,004)	(\$50,470)	(\$51,984)
Total <u>Costs</u> - Office of State Public Defender	<u>(\$449,603)</u>	<u>(\$501,386)</u>	<u>(\$514,173)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(Unknown exceeding \$449,603)</u></b>	<b><u>(Unknown exceeding \$501,386)</u></b>	<b><u>(Unknown exceeding \$514,173)</u></b>
<b>REHABILITATION FUND</b>			
<u>Income - Department of Mental Health</u>			
Net supervision fees	\$11,674,381	\$12,030,425	\$12,397,316
<u>Costs - Department of Mental Health</u>			
Substance Abuse Offender Treatment Costs	(\$10,470,123 to \$40,592,423)	(\$10,788,973 to \$41,829,935)	(\$11,118,755 to \$43,107,002)
CPS Offender Treatment Costs Evaluations	(\$12,431,250) (\$150,000)	(\$12,811,500) (\$150,000)	(\$13,203,000) (\$150,000)
Total <u>Cost</u> - Department of Mental Health	<u>(\$23,051,373 to \$53,173,673)</u>	<u>(\$23,750,473 to \$54,791,435)</u>	<u>(\$24,471,755 to \$56,460,002)</u>
<b>ESTIMATED NET EFFECT ON REHABILITATION FUND</b>	<b><u>(\$11,376,992 to \$41,499,292)</u></b>	<b><u>(\$11,720,048 to \$42,761,010)</u></b>	<b><u>(\$12,074,439 to \$44,062,686)</u></b>
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

### FISCAL IMPACT - Small Business

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

### DESCRIPTION

This proposal requires participation in, and completion of, a community-based substance abuse treatment program, by those who are found guilty of drug regulations or offenses relating to the possession and use of drugs and alcohol. This proposal requires people convicted of nonviolent offenses who are diagnosed with a serious mental illness that appears to have been a contributing factor to the crime to undergo community based treatment as well. The proposal states the procedure to be used for the assessments and services provided to such defendants.

This proposal does not apply to convicted felons, persistent offenders, defendants who failed two prior courses of substance abuse treatment and remain unamenable to such treatment, and defendants who refuse treatment.

This proposal allows the court to increase the requirements of community based treatment if the defendant violates his/her probation.

This proposal allows any inmate to be considered for early release under parole in order to participate in a community based treatment program, if he or she is within one year of projected release by parole, has served a minimum of 120 days of his or her sentence, and is serving a sentence for a drug or alcohol related offense or a nonviolent offense and is diagnosed with a serious mental illness that appears to be a contributing factor to the crime. The proposal states the procedure to be used for the assessments and services provided to offenders/parolees.

This proposal does not apply to inmates who refuse treatment, failed in prior courses of substance abuse treatment while on parole and remain unamenable to such treatment, or are serving terms or have past convictions for dangerous felonies.

This proposal creates the "Rehabilitation Fund", which requires each offender under supervision of the parole board to pay a monthly rehabilitation fee of \$25 or \$300 annually. The fees may be waived temporarily or on a permanent basis for offenders who would suffer financial hardship for the following reasons: (1) Temporary or permanent employment disability; (2) Temporary unemployment for bonafide and authorized reasons; (3) Approved full time enrollment in school or vocational training; (4) Detention in a jail or other correctional facility for thirty days or longer; (5) Indigence due to hospitalization, nursing home residence, hospice residence, or placement in other liberty restricting environments in which no income earning ability exists.

DESCRIPTION (continued)

Money deposited into the fund is appropriated for funding the rehabilitation services required under this proposal. The Department of Mental Health may enter into agreements with other governmental or non-governmental entities for the collection of the fees. There shall be an annual report prepared regarding money in the fund.

The Department of Corrections and the Department of Mental Health make the rules and regulations necessary to implement and administer this act.

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

Office of State Courts Administrator  
Department of Mental Health  
Department of Corrections  
Office of Prosecution Services  
Office of Secretary of State  
Office of State Public Defender  
Office of State Treasurer



Mickey Wilson, CPA  
Director  
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