

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5648-01  
Bill No.: HB 1630  
Subject: Probation and Parole; Crimes and Punishment  
Type: Original  
Date: February 26, 2014

Bill Summary: This proposal changes the requirements for the use of private probation services.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	Unknown - could exceed \$100,000	Unknown - could exceed \$100,000	Unknown - could exceed \$100,000
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>Unknown - could exceed \$100,000</b>	<b>Unknown - could exceed \$100,000</b>	<b>Unknown - could exceed \$100,000</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Inmate Revolving	(Unknown - could exceed \$100,000)	(Unknown - could exceed \$100,000)	(Unknown - could exceed \$100,000)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Unknown - could exceed \$100,000)</b>	<b>(Unknown - could exceed \$100,000)</b>	<b>(Unknown - could exceed \$100,000)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</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 FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of the State Courts Administrator** assume the proposal would not fiscally impact the courts.

Officials from the **Department of Corrections (DOC)** state passage of this proposed legislation would create the potential for an unknown impact for DOC's Division of Probation and Parole (P&P).

The potential exists for an unknown negative fiscal impact due to reduced intervention fee collections (into the Inmate Revolving Fund) if the P&P caseload were reduced. The intervention fee funds pay for substance abuse and mental health treatment, residential facilities and electronic monitoring services, to name a few.

The potential exists for an unknown cost avoidance if the P&P caseload were reduced. It would be difficult to determine the cost avoidance due to the fact that the pool of offenders that can be supervised by a private probation and parole supervision provider may include sex offenders and other offenders who have been convicted of crimes against persons. These offenders have specialized supervision requirements that require intensive monitoring of compliance to aid in providing safety to the public. The savings to General Revenue due to the reduced case load supervised by the DOC's Division of Probation and Parole is unknown per each fiscal year.

In response to several proposals from this year, DOC stated that persons supervised by the Board of Probation and Parole cost an average of \$5.07 per offender, per day or an annual cost of \$1,851 per offender. This proposal expands the pool of offenders that could be supervised by private probation services instead of DOC. Therefore, **Oversight** assumes this could potentially decrease the number of persons supervised by DOC and result in savings to the General Revenue Fund. Without taking in account fixed costs versus variable costs, in a simplistic formula, only 55 offenders ( $55 \times \$1,851 = \$101,805$ ) would need to be supervised by a private firm to reach the \$100,000 threshold.

**Oversight** does not have information regarding the number of Class C and Class D felons being served by DOC's Division of Probation and Parole. Also, Oversight does not know how many circuit and associate circuit judges in a circuit court contract with private entities to provide supervision services. Oversight will assume this proposal could result in a savings to the state General Revenue Fund of over \$100,000 annually.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
<b>GENERAL REVENUE</b>			
<u>Savings</u> - Department of Corrections			
Expansion of the offenders that could now be supervised by private probation services instead of the Division of Probation and Parole.	Unknown - could exceed <u>\$100,000</u>	Unknown - could exceed <u>\$100,000</u>	Unknown - could exceed <u>\$100,000</u>
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b>Unknown - could exceed <u>\$100,000</u></b>	<b>Unknown - could exceed <u>\$100,000</u></b>	<b>Unknown - could exceed <u>\$100,000</u></b>
<b>INMATE REVOLVING FUND</b>			
<u>Loss</u> - monthly intervention fee that used to be paid to the state for probation and parole services would now be paid to the private company	(Unknown - could exceed <u>\$100,000</u> )	(Unknown - could exceed <u>\$100,000</u> )	(Unknown - could exceed <u>\$100,000</u> )
<b>ESTIMATED NET FISCAL IMPACT TO THE INMATE REVOLVING FUND</b>	<b>(Unknown - could exceed <u>\$100,000</u>)</b>	<b>(Unknown - could exceed <u>\$100,000</u>)</b>	<b>(Unknown - could exceed <u>\$100,000</u>)</b>
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses that provide probation and parole services for the state would be positively impacted by the potential addition clients as a result of this proposal.

### FISCAL DESCRIPTION

This proposal changes the laws regarding the use of private probation services. In its main provisions, the bill:

- (1) Authorizes judges in a circuit court that contracts with private or other court-approved entities for probation services to use, at their discretion, these services for a person who has been convicted of a class C or D felony;
- (2) Requires the court to adopt rules for the approval of private probation services;
- (3) Requires that an entity must be a registered corporation with the state, possess a certificate of corporation in good standing, and must submit a copy of its policies and procedures;
- (4) Specifies all persons providing supervision within the entity must possess a bachelor's degree or have equivalent relevant professional experience; and
- (5) Specifies that any person hired prior to the effective date of the bill will be considered to have fulfilled all education and experience requirements.

Additional factors for consideration will be experience and length of time in the field of criminal justice, the entity's financial ability to provide services, and other factors the judge deems necessary and relevant.

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 the State Courts Administrator  
Department of Corrections



Mickey Wilson, CPA  
Director  
February 26, 2014

Ross Strobe

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Assistant Director  
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