

MEMORANDUM

JOINT
BUDGET
COMMITTEE

TO Representative Herod
 FROM Vance Roper, JBC Staff (303-866-3147)
 DATE April 1, 2019
 SUBJECT House Bill 19-1263 Fiscal Analysis

This analysis looks at the costs of House Bill 19-1263. In the short timeframe for this analysis, Staff was not able to calculate all of the scenarios that affect the costs of drug felonies from the changes made in this bill. While this memo will provide approximate numbers, it will not produce highly accurate numbers.

The timing of this bill has an effective date of January 2020, which means that it will be approximately one year after that date that the reductions will be realized. In 2020 (FY 2020-21), the reductions will be realized for the remaining six months of that fiscal year. The full-annualized effects will not be realized until the completion of FY 2021-22.

Joint Budget Committee (JBC) Staff calculations and Legislative Council Staff (LCS) calculations only differ in one area, and that is the Department of Corrections (DOC) bed usage. LCS uses numbers obtained from the Judicial Department, which show convictions for drug felony 4. This resulted in full year annualized savings of \$3.0 million and a five-year cost savings of \$10.7 million for prison bed impact. The parole impact resulted in a full year annualized savings of \$4.0 million and a five-year savings of \$13.7 million.

The method used to calculate the LCS numbers is a reasonable method of calculating the costs. It should be more accurate in the Judicial branch costs as the number encompass the full costs to that branch. However, many programs result in an individual not being assigned to the custody of DOC. This means that the LCS numbers could overestimate the resulted savings. The likely result is a reduction somewhere between the LCS calculations and the JBC Staff calculations.

Staff used numbers from DOC inmate intake to determine the percentage of new inmates that would fall under H.B. 19-1263 (Offense Level For Controlled Substance Possession). This results in between three and five percent of the incoming DOC population having a drug felony 4 conviction. The table below displays the results, which shows a five-year \$4.9 million dollar reduction. It is important to note that these amounts would be cost savings, not a reduction in General Fund expenditures. This is due to the expected increase in the prison population.

H.B. 1263 FISCAL IMPACT					
FORECAST	FELONY	PERCENT OF NEW CONVICTION WITH DF	PROJECTED INMATE INCREASE	PROJECTED NUMBER OF DF	GENERAL FUND REDUCTION (\$108.77 DAILY RATE)
FISCAL YEAR 2019-20					
LCS FY 20-21	DF 4	5.00%	271.5	14	(\$540,418)
DCJ FY 20-21	DF 4	5.00%	328.5	16	(\$653,876)
FISCAL YEAR 2020-21					
LCS FY 21-22	DF 4	5.00%	543	27	(\$1,080,837)
DCJ FY 21-22	DF 4	5.00%	657	33	(\$1,307,753)

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The parole savings over a five-year period would be \$3.7 million. The combined savings between the two would be \$8.6 million.

There are other opportunity benefits that are not calculated into these savings. These come from an individual avoiding a felony conviction under this bill and the resulted net benefits from this (such as higher earning potential from individuals who do not have a felony conviction leading to higher tax revenue)

This bill will also cause two cost shifts of between \$500,000 and \$1.5 million. The first cost shift is from the Department of Corrections to the counties (due to DOC inmates becoming county jail inmates). This happens due to a felony becoming a misdemeanor (misdemeanor convictions do not serve time in DOC custody). The majority of this cost will come in the form of probation taking over what would have been parole for the individuals covered by this bill, with secondary cost shifts from DOC bed usage to jail bed usage.

The second cost shift is from the Executive branch to the Judicial branch as these cases will move from District court to County court. This shifts the FTE and costs associated with drug felony 4 convictions from the state to the counties. The Legislative Council Staff fiscal note (4/1/19) accurately reflects the cost shifts in these areas.