

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2107 – SB 2070

March 15, 2016

SUMMARY OF ORIGINAL BILL: Requires, on or before January 31, 2017, the Commissioner of Mental Health and Substance Abuse Services to report to the Health and Welfare Committee of the Senate and the Health Committee of the House of Representatives on the feasibility of a pilot program for one county that seeks to address overcrowding in jails and correctional institutions. Transitional services, including mental health services and supports, substance abuse treatment and counseling, health care, and employment and housing supports, would be provided to certain prisoners who are released into the community. The Commissioner is to consult with the Department of Correction, the Department of Labor and Workforce Development, the Bureau of TennCare, and other relevant state agencies and community stakeholders in developing this report.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (012358): Deletes all language of the original bill. Requires the Commissioner of the Department of Mental Health and Substance Abuse Services to establish a residential pilot program in one county that seeks to address overcrowding in jails and correction institutions by providing certain prisoners who are released into the community with transitional services. The Commissioner is to consult with the District Attorneys General Conference, the Department of Correction, the Department of Labor and Workforce Development, the Bureau of TennCare, and other relevant state agencies and community stakeholders in developing the pilot program.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures –

Exceeds \$1,100,000/FY16-17/General Fund

Exceeds \$6,000,000/FY17-18/General Fund

Exceeds \$1,500,000/FY18-19 and Subsequent Years/General Fund

Decrease State Expenditures –

Exceeds \$638,200/FY18-19 and Subsequent Years/Incarceration*

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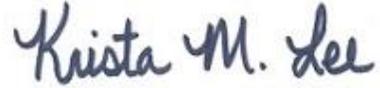
Assumptions for the bill as amended:

- Based on information provided by the Department of Corrections, the Department of Labor and Workforce Development, the Department of Mental Health and Substance Abuse Services, and the Bureau of TennCare, consulting on the development of the pilot project can be accomplished within existing resources.
- In the proposed section of Tenn. Code Ann. § 33-11-102, the pilot program, in the first year, shall design and develop engineering and architectural plans for a residential facility; in the second year, construction of the facility shall be implemented; and in the third year, operation of the facility shall commence and continue through the fifth year.
- Based on information provided by the Department of Mental Health and Substance Abuse Services, it is estimated that one-time state expenditures associated with designing the program and developing engineering and architectural plans will exceed \$1,100,000 (\$500,000 land purchase + \$600,000 engineering and architectural costs) in FY16-17.
- In FY17-18, the facility will be constructed, assuming a 20,000 square-foot non-secure facility is constructed, the estimated state expenditures will be \$6,000,000 (20,000 square-feet x \$300 per square-foot).
- In FY18-19 and subsequent years, the estimated cost to operate the facility is at least \$1,500,000. It is assumed the pilot program will be continued into perpetuity.
- It is assumed that the any fiscal impact for a District Attorney General selecting defendants to participate will be not significant.
- The Department of Mental Health and Substance Abuse Services indicates approximately 20 defendants will be enrolled in the pilot program, beginning in FY18-19. It is assumed that the most likely felony offenses involved will be felony possession of cocaine or methamphetamine, a Class B felony, and felony possession of marijuana, a Class E felony.
- At the very least, the bill as amended will decrease state incarceration costs by the average time served for Class E felony possession of marijuana.
- Statistics from the Department of Correction (DOC) indicate the average time served for felony possession of a controlled substance is 1.29 years (471.17 days).
- According to DOC, the average operating cost per offender per day for calendar year 2016 is \$67.73. This number is assumed to remain constant in subsequent years.
- The bill as amended will decrease state incarceration costs by at least \$638,246.88 (471.17 days x \$67.73 per day x 20 defendants) beginning in FY18-19.

*Tennessee Code Annotated, Section 9-4-210, requires that: *For any law enacted after July 1, 1986, which results in a net increase in periods of imprisonment in state facilities, there shall be appropriated from recurring revenues the estimated operating cost of such law. The amount appropriated from recurring revenues shall be based upon the highest cost of the next 10 years.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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