

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0836-01  
Bill No.: HB 321  
Subject: Crimes and Punishment; Corrections, Department of; Law Enforcement Officers and Agencies  
Type: Original  
Date: February 9, 2017

Bill Summary: This proposal allows any local governing agency to establish a work for restitution program and requires certain nonviolent offenders to participate in and complete the program.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue Fund	(\$1,235,562)	(\$1,512,327)	(\$1,542,574)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$1,235,562)</b>	<b>(\$1,512,327)</b>	<b>(\$1,542,574)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 9 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</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 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Local Government*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Distributions in revenues (expenditures) net to zero.

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Department of Corrections (DOC)** assume in 2016, a total of 3,422 non-dangerous parolees and probationers were required to pay restitution. Of these, 1,118 failed to completely pay off the restitution at the time of discharge from field supervision (32.7%). If the bill is enacted, approximately 549 probationers and 569 parolees would be assigned to the restitution program and would require additional time on field supervision. In order to determine the impact to the Department of Corrections (DOC), several assumptions are made.

- 1) The offenders will earn the federal minimum wage at \$7.25 per hour.
- 2) Each year two percent of the offenders will not complete payment as scheduled and will be revoked.
- 3) Ninety-eight percent of offenders will fulfill all monetary obligations in the shortest period of time possible (4 hours/day for 6 days per week).
- 4) None of the discharged persons in FY16 were chronic offenders or would refuse the restitution program offered by this proposal.
- 5) Restitution programs are in all jurisdictions.
- 6) Restitution programs are fully funded.

DOC is unable to make assumptions about how courts and others will implement this bill. DOC's assumptions are based on the offenders currently under probation and parole (P/P) supervision.

Tables 1 and 2 show the calculations for the additional time needed under field supervision for all 1,118 offenders which is calculated using the average amount owed to pay the restitution amount. (The rehabilitation fee is not included in the calculations in the tables.) To calculate the impact to the incarcerated population, it is estimated that the offenders revoked from the restitution program will serve one year in prison (the average for parole technical violators). Calculating the impact to probation is complicated by the multiple lengths of time spans needed to pay off the average restitution (range .6 weeks to 2.1 years). Therefore, people-years are calculated for each division of monetary obligation as follows: Discharges x Average-Time-to-Pay-Restitution/52 weeks per year. The tables below only reflect the data from the offenders with unpaid restitution in FY16. DOC is uncertain if the proposed legislation's intent is that monetary obligation equals restitution amount plus the "rehabilitation fee." If that is the case, then it could increase the amount of the impact.

ASSUMPTION (continued)

The impact to DOC is an increase to the prison and field population. In each year, DOC will extend the parole and probation supervision for 1,118 offenders until restitution is paid. Assuming full funding for the restitution program and existence of statewide availability of restitution programs, the conservative estimate of the full impact on DOC will be an increase of 12 persons in prison and 631 persons on supervision for payment of restitution. The increase will occur in the first year after enactment (FY18).

**Table 1.** Estimate of the increase population to DOC for failure to pay the restitution if FN0836.01 is enacted. n= 549 probationers

Victim <u>RESTITUTION</u> Payments Unpaid by Probationers Discharged in FY16					
Restitution Costs	Discharges	Average Outstanding Owed	Average Time in Probation to Pay Off Restitution	Yearly Increase in probation from Payers (95%)	
1. \$5000+	150	\$19,065	109.6 weeks	316.2 people-yr	
2. \$2000+	139	\$1,998	11.5 weeks	30.7 people-yr	
3. \$1000+	102	\$991	5.7 weeks	11.2 people-yr	
4. \$750+	38	\$ 657	3.8 weeks	2.8 people-yr	
5. \$500+	49	\$456	2.6 weeks	2.4 people-yr	
6. \$250+	36	\$274	1.6 weeks	1.1 people-yr	
7. <\$250	35	\$108	.6 weeks	.4 people-yr	
TOTAL	549	\$6,010		365 persons	

ASSUMPTION (continued)

**Table 2.** Estimate of the increase population to DOC for failure to pay the restitution if this proposal is enacted. n= 569 parolees

Victim <u>RESTITUTION</u> Payments Unpaid by Parolees Discharged in FY16				
Restitution Costs	Discharges	Average Outstanding Owed	Average Time in Probation to Pay Off Restitution	Yearly Increase in probation from the Payers (95%)
1. \$5000+	128	\$14,654	84.2 weeks	207.3 people-yr
2. \$2000+	120	\$2,657	15.3 weeks	35.3 people-yr
3. \$1000+	106	\$1,249	7.2 weeks	14.7 people-yr
4. \$750+	36	\$739	4.25 weeks	2.9 people-yr
5. \$500+	54	\$510	2.9 weeks	3.0 people-yr
6. \$250+	60	\$305	1.75 weeks	2.0 people-yr
7. <\$250	65	\$130	0.75 weeks	.9 people-yr
<b>TOTAL</b>	<b>569</b>	<b>\$4,232</b>		<b>266 persons</b>

**Table 3.** The impact of FN 0836.01 requiring full payment of restitution before release from field supervision for selected offenders.

	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
<b>Admissions</b>										
Incarceration										
Parole	569	569	569	569	569	569	569	569	569	569
Probation	549	549	549	549	549	549	549	549	549	549
<b>Population</b>										
Incarceration	12	12	12	12	12	12	12	12	12	12
Parole	266	266	266	266	266	266	266	266	266	266
Probation	365	365	365	365	365	365	365	365	365	365
<b>Impact</b>										
Total Prison	12	12	12	12	12	12	12	12	12	12
Population										
Total Field Population	631	631	631	631	631	631	631	631	631	631
<b>Total</b>	<b>643</b>	<b>643</b>	<b>643</b>	<b>643</b>	<b>643</b>	<b>643</b>	<b>643</b>	<b>643</b>	<b>643</b>	<b>643</b>

ASSUMPTION (continued)

The FY16 average cost of supervision is \$6.12 per offender per day or an annual cost of \$2,234 per offender. The DOC cost of incarceration is \$16.67 per day or an annual cost of \$6,085 per offender. In summary, DOC assumes the following costs for this proposal (FY18 is for 10 months and FY19 and FY20 includes 2% inflation per year):

FY 2018	(\$1,235,562) - (12 offenders to prison x \$6,085) + (631 P/P offenders x \$2,234)
FY 2019	(\$1,512,327) - (12 offenders to prison x \$6,085) + (631 P/P offenders x \$2,234)
FY 2020	(\$1,542,574) - (12 offenders to prison x \$6,085) + (631 P/P offenders x \$2,234)

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the Governor.

**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.

Officials at the **Office of the State Courts Administrator** assume the proposed legislation allows any local governing agency to establish a work for restitution program and requires certain nonviolent offenders to participate in and complete the program. There may be some impact, but there is no way to quantify that currently. Any significant changes will be reflected in future budget requests.

Officials at the **Office of the State Treasurer**, the **Department of Social Services**, the **Department of Revenue** and the **Joint Committee on Administrative Rules** each assume no fiscal impact to their respective agencies from this proposal.

Officials at the **Callaway County Commission** and the **City of Kansas City** each assume no fiscal impact to their respective entities from this proposal.

**Oversight** assumes the Work for Restitution Fund to be a local fund, with unknown revenues equaling unknown payments for restitution and/or rehabilitation.

ASSUMPTION (continued)

Officials at the following counties: Andrew, Atchison, Audrain, Barry, Benton, Bollinger, Boone, Buchanan, Camden, Cape Girardeau, Carroll, Cass, Christian, Clay, Cole, Cooper, Daviess, DeKalb, Dent, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Maries, Marion, McDonald, Miller, Mississippi, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Platte, Pulaski, Scott, St. Charles, St. Louis, St. Francois, Taney, Warren, Wayne, Webster and Worth did not respond to **Oversight's** request for fiscal impact.

Officials at the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Columbia, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kearney, Knob Noster, Ladue, Lake Ozark, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O'Fallon, Peculiar, Pineville, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
<b>GENERAL REVENUE FUND</b>			
<u>Costs</u> - DOC - additional offenders on field supervision of probation/parolees from work for restitution program	<u>(\$1,235,562)</u>	<u>(\$1,512,327)</u>	<u>(\$1,542,574)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(\$1,235,562)</u></b>	<b><u>(\$1,512,327)</u></b>	<b><u>(\$1,542,574)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Revenues</u> - Work for Restitution Fund - restitution fee collections	Unknown	Unknown	Unknown
<u>Cost</u> - Work for Restitution Fund - restitution and rehabilitation payments	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

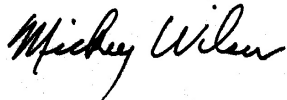
This bill allows any local governing agency, as specified in the bill, to establish a work for restitution program and requires persons who have pled guilty to or have been convicted of nonviolent offenses where restitution is a requirement of their probation to participate in and complete the program.

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

Department of Corrections  
Office of the State Courts Administrator  
Department of Revenue  
Department of Social Services  
Office of the Secretary of State  
Office of the State Treasurer  
Joint Committee on Administrative Rules  
Callaway County Commission  
City of Kansas City



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