

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1136-03  
Bill No.: Perfected HCS for HB 303  
Subject: Prisons and Jails; Department of Corrections; Crimes and Punishment  
Type: #Updated  
Date: February 28, 2019  
#To correct the fund from with expenses from House Amendment 1 should be reflected

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Bill Summary: This proposal changes the laws regarding prison canteen funds.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
#General Revenue	(\$295,213)	(\$358,547)	(\$362,946)
<b>#Total Estimated Net Effect on General Revenue</b>	<b>(\$295,213)</b>	<b>(\$358,547)</b>	<b>(\$362,946)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
#Inmate Canteen Fund	\$152,148	\$182,577	\$182,577
<b>#Total Estimated Net Effect on Other State Funds</b>	<b>\$152,148</b>	<b>\$182,577</b>	<b>\$182,577</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 2020</b>	<b>FY 2021</b>	<b>FY 2022</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 2020</b>	<b>FY 2021</b>	<b>FY 2022</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 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §217.195 - Prison Canteen Funds

Officials from the **State Treasurer's Office (STO)** state §217.195.3(3) requires interest and moneys earned on such investments currently credited to the General Revenue Fund to be credited to the Inmate Canteen Fund.

Listed below are the average daily balances for the months of July through December 2018:

July	\$5,267,554
August	\$9,816,396
September	\$9,622,982
October	\$9,251,340
November	\$9,274,518
December	<u>\$8,932,143</u>
Total	\$52,164,933

Estimated average daily balance      \$8,694,156 ( $\$52,164,933 / 6$ )

The estimated yield on state funds is 2.10 percent. Therefore, the estimated loss of interest to General Revenue is approximately \$152,148 for FY2020 and \$182,577 ( $\$8,694,156 * .021$ , rounded down) for FY2021 and FY2022.

Officials from the **Department of Corrections (DOC)** do not expect a fiscal impact from this legislation since the Inmate Canteen Fund is currently operating within the proposed statutory guidelines. The addition of reentry services as an allowable expenditure will be subject to appropriation from the legislature.

**Oversight** notes any unexpended balance in the pre-August 28, 2019, inmate canteen fund shall be transferred to the post-August 28, 2019, inmate canteen fund established under subsection 3 of §217.195. The balance in this fund at December 31, 2018 was \$8,961,782. This will allow for the DOC to include some additional allowable expenditures to this fund. For purposes of this fiscal note, Oversight will show a one-time transfer in and out of this fund of \$9 million.

ASSUMPTION (continued)

House Amendment (HA) 1:

Officials from the **State Treasurer's Office (STO)** assumes the amendment will not have a fiscal impact to their department.

Officials from the **Department of Corrections (DOC)** state this amendment adds tampons to be included under "healthcare products". These products should be made available at no cost to offenders while confined in a correctional center of the department.

The DOC currently provides sanitary napkins (and not tampons) to offenders and the purpose of this amendment is to provide a greater selection of healthcare products to offenders. Also, the DOC does not question the number of pads requested nor the frequency of the request made by an offender. The DOC stated the number of pads used in FY18 was approximately 2,664,000 with an average daily population of 3,100 for a total cost to the DOC of \$114,774.

Currently, the female population within our facilities is 3,046. The DOC estimates an annual usage of 859 products per offender. Assuming 50 percent of this population will request tampons at a cost of \$0.18 per tampon and the other 50 percent will use sanitary napkins at a cost of \$0.0389 per napkin, the department is estimating an annual cost of \$171,678  $[(3,046/2) * 859 * \$0.18 = \$235,584, \text{ rounded}] + [(3,046/2) * 859 * \$0.0389 = \$50,869, \text{ rounded}] - \$114,774 \text{ (current expenditure)} = \$171,678$ . The DOC stated it has nothing to base the assumption that 50 percent of offenders will use tampons over pads. It is a best-guess assumption.

Please note that other than the listed tampons and sanitary napkins, the term "healthcare product" is undefined under section 217.199. It is unclear from the bill what constitutes as a healthcare product. As a result, offenders would likely request a variety of products to be provided for free as a healthcare product. This could lead to lawsuits to determine if certain products apply under the law.

**Oversight** assumes the cost provided by the DOC is for a full year, therefore, Oversight has adjusted the cost for FY20 to ten months and included a 2.5 percent cost-of-living adjustment for FY21 and FY22.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
<b>#GENERAL REVENUE FUND</b>			
<u>Loss - STO (§217.195)</u>			
Reduction in interest	(\$152,148)	(\$182,577)	(\$182,577)
<u>#Costs - DOC (§217.199), HA 1</u>			
Healthcare products expense	(\$143,065)	(\$175,970)	(\$180,369)
<b>#ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$295,213)</u></b>	<b><u>(\$358,547)</u></b>	<b><u>(\$362,946)</u></b>
<b>#INMATE CANTEEN FUND</b>			
<u>Income - STO (§217.195)</u>			
Interest Earned to fund	\$152,148	\$182,577	\$182,577
<u>Transfer-In - DOC (§217.195)</u>			
Transfer -in from Canteen Fund post- August 28, 2019	\$9,000,000	\$0	\$0
<u>Transfer-Out - DOC (§217.195)</u>			
Transfer -out from Canteen Fund pre- August 28, 2019	(\$9,000,000)	\$0	\$0
<b>#ESTIMATED NET EFFECT ON THE INMATE CANTEEN FUND</b>	<b><u>\$152,148</u></b>	<b><u>\$182,577</u></b>	<b><u>\$182,577</u></b>
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2020 (10 Mo.)	FY 2021	FY 2022
	<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 specifies that the Chief Administrative Officer of any correctional center may, with the approval of the Director of the Department of Corrections, establish and operate a canteen or commissary for the use and benefit of the offenders. The bill specifies provisions that shall apply for all money collected and expended for a canteen or commissary before August 28, 2019.

The bill establishes in the State Treasury the "Inmate Canteen Fund," and it specifies terms and conditions for the fund, including that the State Treasurer shall be the custodian of the fund and that money in the fund must be used to collect all revenue and pay operating expenses of the inmate canteens. On August 28, 2019, the unexpended balance in any inmate canteen fund shall be transferred from the Canteen Fund established prior to August 28, 2019, to the Canteen Fund established after August 28, 2019, and all canteen funds established prior to August 28, 2019, will be abolished.

The bill also requires the Director of the Department of Corrections to ensure that feminine hygiene products are available to offenders for free while the offenders are incarcerated and in quantities that are appropriate for each offender's needs.

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  
State Treasurer's Office



Kyle Rieman  
Director  
February 28, 2019

Ross Strobe  
Assistant Director  
February 28, 2019