

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**March 26, 2003**

**TO:** Honorable Ray Allen, Chair, House Committee on Corrections

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: HB1852** by Allen (Relating to the imprisonment and treatment of inmates serving prison sentences for driving while intoxicated offenses and similar offenses under Chapter 49, Penal Code.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1852, As Introduced: a positive impact of \$1,750,175 through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

| <b>Fiscal Year</b> | <b>Probable Net Positive/(Negative)<br/>Impact to General Revenue Related<br/>Funds</b> |
|--------------------|---|
| 2004               | \$350,035   |
| 2005               | \$1,400,140   |
| 2006               | \$1,400,140   |
| 2007               | \$1,400,140   |
| 2008               | \$1,400,140   |

**All Funds, Five-Year Impact:**

| <b>Fiscal Year</b> | <b>Probable Revenue Gain/(Loss) from<br/>GENERAL REVENUE FUND<br/>1</b> |
|--------------------|---|
| 2004               | \$350,035   |
| 2005               | \$1,400,140   |
| 2006               | \$1,400,140   |
| 2007               | \$1,400,140   |
| 2008               | \$1,400,140   |

**Fiscal Analysis**

The bill would amend the Government Code to require the Department of Criminal Justice (TDCJ) to convert two units; each of at least 1,400 beds, which are currently operated by the department, into facilities operated by a private vendor or county. The facilities would house only inmates serving sentences for intoxication and alcoholic beverage offenses listed in Chapter 49 of the Penal Code. Any contract entered into would require the vendor or county to provide treatment programs designed to rehabilitate inmates convicted of felony offenses involving intoxication and alcoholic beverage offenses.

The bill would direct the department to convert the facilities by July 1, 2004.

## Methodology

The cost difference between state operated and contract facilities is estimated at \$1.37 per day. The estimated cost avoidance of \$35.61 per day is based on the average cost for state operated state jails for fiscal year 2002 at \$37.35 minus \$1.74 per day for off-site medical care of state jail inmates that would not be covered by current contracts. The estimated cost of \$34.24 per day for offenders shifted to private vendors by this bill is based on the average cost for privately operated state jails for fiscal year 2002 at \$30.13 plus program treatment costs of \$4.11 per day.

For this analysis, costs for state jails are used as a basis of comparison since these facilities would generally represent the level of security appropriate for the offenders included in the bill. According to the Criminal Justice Policy Council's (CJPC) 2003 Uniform Cost Project, in 2002 the average cost per day for privately operated state jails was \$30.13. The average cost per day for state operated state jails for 2002 was \$37.35. In calculating the estimated fiscal impact of the bill, the CJPC estimates are used as the base.

The current privately operated state jails do not include treatment services. The bill would require the contract(s) to include DWI treatment services. Similar services provided in TDCJ's substance abuse treatment programs are estimated to cost \$4.11 per day. Thus, the estimated cost per day for offenders shifted to private vendors by this bill would be \$30.13 per day plus the estimated \$4.11 per day in treatment services, for a total daily rate of \$34.24.

As noted above, the CJPC estimates the daily rate for state operated state jail facilities to be \$37.35 per offender. Most of this amount would be reflected as a cost avoidance to the state. However, this cost includes some medical care that are not covered by current contracts. After 48 hours, major medical cases are transferred back to the department. The Correctional Managed Health Care Committee estimates the cost of medical care for state jail inmates at \$3.72 per day, compared to a capitation rate of \$5.79 per day for services provided through the University of Texas Medical Branch (UTMB) for the system overall. Correctional managed health care has two major components; on-site and off-site services. For services provided by UTMB, on-site services cost \$3.08 per inmate per day. Off-site service costs \$2.71 per inmate per day. Calculating the ratio of off-site services to total medical costs and applying the ratio to the estimated cost per day for medical care to state jail inmates, gives an estimate of \$1.74 per day for off-site care of state jail inmates that would not be covered by current contracts. Correcting the state cost for off-site care that would still be required if the offenders were in private facilities gives a total estimated cost avoidance of \$35.61 per day (\$37.35 minus \$1.74).

The bill would direct the department to convert the facilities by July 1, 2004. Therefore, only one-fourth of the annual fiscal impact is anticipated in fiscal year 2004. Assuming the agency enters into contract(s) beginning June 1, 2004 converting 2,800 beds from state operated facilities at a cost of \$35.61 per day to privately operated facilities at a cost of \$34.24 per day (a difference of \$1.37 per day), would save the state \$350,035 in fiscal year 2004 and \$1,400,140 per year in subsequent years.

There are several areas of differences in services between state operated and contracted facilities. State facilities include education, employment preparation, and other programs. Adult basic education services are estimated to cost \$1.73 per day in state facilities. This estimate assumes that the department would be able to expand its contract bidding, negotiation, and monitoring function within current resources.

## Local Government Impact

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 405 Department of Public Safety, 696 Department of Criminal Justice

**LBB Staff:** JK, WK, VDS, GG, AB, KG