

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

**FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION**

**April 26, 2005**

**TO:** Honorable Jerry Madden, Chair, House Committee on Corrections

**FROM:** John S. O'Brien, Deputy Director, Legislative Budget Board

**IN RE: HB574** by Haggerty (Relating to the provision of pay telephone service to inmates confined in facilities operated by the Texas Department of Criminal Justice.), **Committee Report 1st House, Substituted**

<b>Estimated Two-year Net Impact to General Revenue Related Funds</b> for HB574, Committee Report 1st House, Substituted: an impact of \$0 through the biennium ending August 31, 2007.
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**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	\$0
2007	\$0
2008	\$0
2009	\$0
2010	\$0

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

Fiscal Year	Probable Revenue Gain/(Loss) from <i>CRIME VICTIMS COMP ACCT</i> 469
2006	\$1,788,178
2007	\$1,788,178
2008	\$1,788,178
2009	\$1,788,178
2010	\$1,788,178

**Fiscal Analysis**

The bill would amend the Government Code to require the Texas Department of Criminal Justice (TDCJ) to contract with a private vendor to provide pay telephone service to inmates with a contract term of not less than five years. The bill would require that any contract pay a commission to the state of 40 percent of the gross revenue received. TDCJ would be required to transfer half of all proceeds derived from telephone service to the Compensation to Victims of Crime Fund and the other half to the General Revenue Fund, except that the first ten million dollars collected each year would be distributed to the Compensation to Victims of Crime Fund. Subject to the Board of Criminal Justice's approval, TDCJ would be required to adopt rules governing the inmate use of telephones that do not unduly restrict calling patterns or volume. The bill would take effect immediately if receiving a vote of two-thirds of all members of each house, or September 1, 2005.

## **Methodology**

Current TDCJ policies allow eligible inmates, determined by security and classification levels, within the institutional division (99,837 inmates) to make one five-minute phone call every 90 days and inmates within the state jail division and substance abuse felony punishment facilities (16,606 inmates) to make one five-minute phone call every 30 days. TDCJ reports that the most recent estimate of a rate received from a vendor is \$0.56 per minute.

This analysis assumes that any contract entered into by the department would provide access to telephone services to every eligible inmate for the maximum amount of time allowed by TDCJ policy. The following analysis also assumes that TDCJ would double the current telephone time allowed for eligible state jail inmates and triple the current telephone time allowed for institutional division inmates.

Assuming a rate of \$0.56 per minute and that all 99,837 eligible inmates within the institutional division make all allowed phone calls for the maximum duration allowed, \$3,354,523 in phone charges would be incurred (99,837 institutional division inmates X maximum 60 minutes allowed per year X \$0.56 per minute). Assuming the same rate of \$0.56 per minute and that all 16,606 inmates within the state jail system and substance abuse felony punishment facilities make all allowed phone calls for the maximum duration allowed, \$1,115,923 in phone charges would be incurred (16,606 inmates X maximum 120 minutes allowed per year X \$0.56). The total amount of phone charges per year would be \$4,470,446. Applying a commission rate of 40 percent equals \$1,788,178 in revenue to the state. TDCJ reports that if all inmates eligible for phone privileges spent \$20 monthly for phone service, the annual revenue to the state would be approximately \$11,178,528 (116,443 inmates X \$20 monthly expenditures X 12 months X 40 percent commission).

However, the actual amount of revenue generated by inmate telephone service under the provisions of the bill would be dependent upon the inmate telephone usage rules adopted by TDCJ and approved by the Board of Criminal Justice. To the extent that the Board of Criminal Justice decreases or increases inmate telephone privileges relative to the assumptions of this fiscal note, a corresponding change in revenue generated from inmate telephone service would apply.

## **Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 696 Department of Criminal Justice

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