

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 12, 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.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB574, As Introduced: a positive impact of \$1,340,908 through the biennium ending August 31, 2007.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	\$670,454
2007	\$670,454
2008	\$670,454
2009	\$670,454
2010	\$670,454

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from GENERAL REVENUE FUND 1
2006	\$670,454
2007	\$670,454
2008	\$670,454
2009	\$670,454
2010	\$670,454

Fiscal Analysis

The bill would amend the Government Code to direct the Texas Board of Criminal Justice to request proposals from private vendors for contracts to provide pay telephone services to inmates. The bill would allow the department to award one or more contracts to private vendors to provide the pay telephone services. The bill specifies a rate of commission of 40 percent to be paid to the department.

The bill would create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either within or outside of the Treasury, or create a dedicated revenue source. Therefore, the fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Methodology

Current policies of the Texas Department of Criminal Justice (TDCJ) allow eligible inmates (determined by security and classification levels) within the institutional division to make one five-minute phone call every 90 days and inmates within the state jail division and substance abuse felony punishment facilities 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 is based on existing TDCJ phone policies and 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 current policies. The actual level of revenue would depend on the number of inmates affected by the services and the department's phone policies at the time of service implementation.

Assuming a rate of \$0.56 per minute and that all 99,837 eligible inmates within the institutional division make the 4 allowed phone calls per year for the maximum duration allowed, \$1,118,174 in phone charges would be incurred (99,837 inmates X maximum 20 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 the allowed 12 phone calls per year for the maximum duration allowed, \$557,962, in phone charges would be incurred (16,606 inmates X maximum 60 minutes allowed per year X \$0.56). The total amount of phone charges per year would be \$1,676,136. Applying a commission rate of 40 percent, \$670,454 in revenue to the state would be generated systemwide each year.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 696 Department of Criminal Justice

LBB Staff: JOB, KJG, VDS, AM