

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 2, 2007

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

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

IN RE: HB1888 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 HB1888, As Introduced: an impact of \$0 through the biennium ending August 31, 2009.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	\$0
2009	\$0
2010	\$0
2011	\$0
2012	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>CRIME VICTIMS COMP ACCT</i> 469
2008	\$5,883,840
2009	\$5,883,840
2010	\$5,883,840
2011	\$5,883,840
2012	\$5,883,840

Fiscal Analysis

The bill would amend the Government Code by requiring the Texas Department of Criminal Justice (TDCJ) to contract for five years with a private vendor for all services related to installing, operating and maintaining a pay telephone service for eligible inmates confined in TDCJ operated facilities. The bill requires the vendor selected for the service to pay 40 percent of gross service revenues to TDCJ as commission. The bill requires of the TDCJ commission, to transfer, annually, the first \$10.0 million to the Compensation to Victims of Crime account. Of the remaining commission, TDCJ would then transfer half of the account to the Compensation to Victims of Crime account and the remaining half to General Revenue Fund. Only eligible inmates would be allowed phone privileges to a pre-approved call list. TDCJ would be required to monitor inmate telephone conversations.

Methodology

Calculations for the revenues generated are estimated rather than actual due to the proprietary relationship found in contracts. Current inmate telephone policy in TDCJ operated facilities allow eligible inmates one five-

minute phone call every 90 days for institutional division offenders and one five-minute phone call every 30 days for offenders in state jail facilities. Depending on the vendor/client contract, TDCJ estimates that if all 122,580 eligible offenders utilized the phone system and spent \$10 per month, 40 percent of the revenues paid to TDCJ would be \$5,883,840 generated per year. The actual revenue generated would depend on the contract agreement and the number of inmates using the phone service. Since the estimated amount paid to TDCJ by the vendor would be below \$10 million, it is assumed that the entire \$5,883,840 would go to the Compensation to Victims of Crime account.

Actual revenue based on three months of telephone usage from a privately operated 2,100-bed parole program facility totaled \$32,195. The average number of telephone calls for the three month time period was 2,416 calls. However, policies for inmates in the privately run parole program facility allow more phone privileges compared to inmates in TDCJ operated facilities. Therefore, revenue generated from privately operated program facilities does not make for a good comparative group for estimating the potential revenue from this proposal.

According to the Office of the Comptroller, the effect on the state's cash flow cannot be estimated. The Office of the Attorney General anticipates an increase in inmate law suits; however, the additional work resulting from implementation of the bill would be absorbed with current resources. The State Auditor's Office estimates that the fiscal impact would not be significant.

Local Government Impact

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

Source Agencies: 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 308 State Auditor's Office, 696 Department of Criminal Justice

LBB Staff: JOB, ES, GG, SDO