

# Fiscal Note

**BILL #** HB 2165

**TITLE:** prisoners; eligibility

**SPONSOR:** Blackman

**STATUS:** As Introduced

**PREPARED BY:** Geoffrey Paulsen

## Description

The bill would create a home arrest program in the Arizona Department of Corrections (ADC) that would allow an inmate who was convicted and sentenced to a term of at least 2 years in prison for a non-serious offense, has served at least one year of that sentence, and would otherwise be eligible for release within 4 years, to be released to home confinement and electronic monitoring. The Board of Executive Clemency (BOEC) would determine eligibility and ADC would be responsible for supervision during home arrest.

## Estimated Impact

ADC reports that 7,908 inmates would be immediately eligible for the home arrest program under the bill. This amount would be subject to review and approval by BOEC. For the purposes of this analysis, we have assumed that 75% of eligible inmates would be approved by BOEC and qualify for the program. This estimate is speculative and is highly dependent on how BOEC implements the bill. As a result, the fiscal impact will vary considerably if the number of approved participants is substantially different.

Based on that 75% participation assumption, we estimate that the program would generate new costs of \$38 million. This estimate includes additional ADC and BOEC staff and equipment, and the cost of electronic monitoring and drug and alcohol testing.

These costs would be offset by revenue charged to program participants and would be further offset by savings if the lower population results in the closure of entire prison facilities. We estimate that total offsetting savings could be up to \$(148) million. If the existing staff are redirected to other ADC facilities, the savings would be substantially less.

The Executive assumes that the bill would have new costs of \$54 million, including both ADC and BOEC costs and reflects participation by all 7,908 eligible inmates. ADC, however, only assumes offsetting savings of \$(23) million. Their analysis only assumes the marginal reduction of food and laundry costs rather than the closure of an entire facility.

Given the time required for BOEC to review and approve eligible inmates for the program, we estimate that most of the fiscal impacts of the bill, both costs and savings, would not be incurred until at least FY 2023.

## Analysis

ADC reports that 7,908 inmates would be eligible for the program upon enactment. The bill would require BOEC to determine which inmates can be released to the home arrest program based on the type of crime, the probability that the inmate would reoffend, whether the release is in the best interests of the state when considering the inmates record, the inmates conduct while incarcerated and any other information available to BOEC. The Board would also need to notify the presiding Superior Court judge, prosecuting attorney, law enforcement agency director, and victim about the proposed home arrest. For the purpose of this analysis, we assume that 75%, or 5,931 inmates, would be released to the program and serve, on average, at least 1 full year on home arrest.

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**JLBC**

Our assumption that 75% of eligible inmates will be approved for the program by BOEC is speculative and is highly dependent on how BOEC implements the bill. As a result, the fiscal impact will vary considerably if the number of approved participants is substantially different.

BOEC currently has a budget of about \$1.2 million and reported 2,586 case hearings in FY 2020. By adding 7,908 hearings and creating a total caseload of 10,494 hearings, the program would roughly quadruple their current hearing count. We assume that BOEC's budget would quadruple to \$4.9 million, for an increase of \$3.7 million.

The bill would require 1 corrections supervisor for every 25 individuals in the house arrest program. Based on the estimated 5,931 additional individuals requiring supervision, we estimate ADC would need 237 new Community Corrections officers, plus additional supervisor and administrative staff. We estimate this would cost \$20.0 million per year.

In addition to staff salaries, ADC reports that supervision staff would need vehicles, firearms and other safety equipment. Based on the number of required staff, we estimate this would cost \$7.0 million per year. Some of this cost would be one-time, but would need to be replaced regularly in future years.

The bill would require inmates in the program to undergo electronic monitoring and drug and alcohol testing. According to ADC, electronic monitoring costs about \$3.20 per day. Based on our assumed population, we estimate electronic monitoring would cost \$6.9 million per year. We estimate that drug and alcohol testing would cost \$800,000 per year. (See *Table 1* for more cost detail.)

The bill would also reduce the state inmate population by releasing inmates early to home arrest. Based on the size of the population, we expect that the state would be able to eliminate prison beds. We estimate that this would result in savings to the state of \$(140.7) million. This estimate also includes the reduction in health care costs, which would require a contract amendment with the current vendor.

<b>Table 1</b>		
<b>Home Arrest Program Cost Estimate</b>		
<b>(\$ in M)</b>		
	<u>ADC/BEC</u>	<u>JLBC Staff</u>
Estimated Home Arrest Population	7,908	5,931
<u>Costs</u>		
Board of Executive Clemency costs	\$ 8.3	\$ 3.7
ADC Supervision Staff	26.4	20.0
ADC Equipment/Admin	9.3	7.0
ADC Electronic Monitoring	9.2	6.9
ADC Drug/Alcohol Testing	<u>1.1</u>	<u>0.8</u>
<i>New Cost Subtotal</i>	<i>54.3</i>	<i>38.4</i>
<u>Savings</u>		
Inmate population reduction <sup>1/</sup>	(14.2)	(140.7)
Home Arrest Program Fee Revenue	(3.4)	(2.5)
Electronic Monitoring Fee Revenue	(5.1)	(3.8)
Drug/Alcohol Testing Fee Revenue	<u>(0.6)</u>	<u>(0.5)</u>
<i>Savings Subtotal</i>	<i>(23.3)</i>	<i>(147.5)</i>
<sup>1/</sup> The ADC estimate only assumes marginal savings from the inmate population reduction. The JLBC Staff estimate assumes the state would eliminate prison beds and achieve health care savings. If no prison beds were eliminated, or staff are shifted to other ADC facilities, this savings would be significantly lower.		

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The ultimate level of savings will depend on future budget decisions. The \$140.7 million estimate assumes the elimination of the associated existing correctional officer staff and inmate health care spending. If the legislature decides to reallocate some of the existing correctional staff to other facilities, the savings would be lower. If all staff is reallocated and the health care contract is not renegotiated, the state could still save the marginal cost of food and housing, for approximately \$(10.6) million in savings.

The bill would require individuals under home arrest to pay a monthly supervision fee of at least \$65, unless the department reduces the fee based on an individual's inability to pay. According to ADC, about 55% of current Community Supervision individuals are able to pay fees. Based on that rate of payment and the population assumption, we estimate that this would generate revenue of \$(2.5) million to offset the cost of the program.

Additionally, the bill would allow ADC to charge fees for electronic monitoring and drug and alcohol testing to offset their costs. Assuming 55% are able to pay this fee while under home arrest, we estimate this would result in \$(3.8) million in offsetting revenue from electronic monitoring and \$(500,000) from drug and alcohol testing.

The Executive also provided their estimate of the fiscal impact of the bill. BOEC estimated that caseload increase would require 60 new board members (divided into 12 boards), 12 new board rooms and 10 additional staff. In total, BOEC estimates it would cost \$8.3 million annually in salary and administrative costs to handle the added caseload. This estimate assumes that all hearings are treated in the same manner as parole hearings, which can be more complex than other cases before BOEC.

ADC assumed all 7,908 inmates currently eligible for the program would qualify and estimated gross program costs of \$46.0 million. This cost was offset by total savings of \$(23.3) million from program fee revenue and reduced prison costs. However, the ADC estimate only assumes savings from the marginal daily cost of housing an inmate. According to ADC, the current marginal cost to house an inmate in a state operated facility is \$4.91 per day. This reflects costs for food (\$3.46) and other non-health care-related costs such as clothing, bedding and inmate programs (\$1.46).

**Local Government Impact**

None