Colorado Legislative Council Staff

HB17-1326

FISCAL NOTE

FISCAL IMPACT: ☒ State ☒ Local ☐ Statutory Public Entity ☐ Conditional ☐ No Fiscal Impact

Drafting Number:	LLS 17-0894	**Date:**	April 19, 2017
Prime Sponsor(s):	Rep. Lee Sen. Gardner; Kagan	**Bill Status:**	House Judiciary
		Fiscal Analyst:	Amanda Hayden (303-866-4918)

BILL TOPIC: JUSTICE REINVESTMENT CRIME PREVENTION INITIATIVE

Fiscal Impact Summary	FY 2016-17 *(current year)*	FY 2017-2018	FY 2018-2019
State Revenue			
State Expenditures	Potential reduction.	**($6,457,447)**	**($6,662,740)**
General Fund		(6,519,320)	(6,672,981)
Centrally Appropriated Costs		61,873	50,241
FTE Position Change		1.9 FTE	2.0 FTE
Appropriation Required: ($6,519,320) - Multiple agencies (FY 2017-18).			
Future Year Impacts: Ongoing net decrease in state expenditures.			

This fiscal note is preliminary. While all agencies were canvassed for this analysis, not all agencies were able to respond with complete information within the time frames provided. The fiscal note will be updated if more information becomes available.

Summary of Legislation

This bill makes several changes to the procedures surrounding parole and creates the Justice Reinvestment Crime Prevention Initiative.

Changes to parole. The bill changes parole revocation terms and conditions for cases where a parolee violates any condition of parole not involving the commission of a crime (technical violations). If the parolee commits a technical violation and is on parole for a:

- a level 1 drug felony; class 2 felony; a crime of violence, stalking, menacing, or unlawful sexual behavior; a crime against an at-risk adult; or if the parolee is a sexually violent predator, the Parole Board may revoke parole for up to the remainder of the parole period rather than for various periods of time or for an extended period;
- level 2 drug felony or a class 3 nonviolent felony (excluding the crimes listed above), the Parole Board may revoke parole for up to 90 days, instead of 180; or
- level 3 or level 4 drug felony or a class 4, 5, or 6 nonviolent felony, the parolee may serve up to 30 days, instead of 180.

The bill changes the maximum time a revoked parolee can be held in the preparole release and revocation facility from 180 to 90 days. The bill repeals the Department of Corrections' authority to operate community return-to-custody facilities. It directs the Parole Board to conduct parole release review in lieu of a hearing, without the presence of the inmate, if the inmate is assessed to be a "low" or "very low" risk and victim notification is not required by law. Prior to parole release hearings, the Division of Adult Parole must conduct a parole plan investigation and inform the Parole Board of the results. If the Parole Board finds the plan inadequate, it may table the parole release decision and require the Division to submit a revised plan within 30 days.

Justice Reinvestment Crime Prevention Initiative. The bill creates the Justice Reinvestment Crime Prevention Initiative (initiative) in the Department of Local Affairs (DOLA). Subject to available appropriations, the Division of Local Government must administer the initiative to expand small business lending and provide grants aimed at reducing crime and promoting community development in the target communities of north Aurora and southeast Colorado Springs. The division must report annually to the General Assembly on the progress and outcomes of the initiative. The initiative sunsets on September 1, 2020.

Small business lending. On and after July 1, 2017, DOLA must develop and implement the initiative to expand small business lending in the target communities. On or before August 1, 2017, it must issue a request for participation and select one or more nondepository community development financial institution loan funds to participate in the initiative. The bill specifies the terms under which the initiative and any participating loan funds must operate. DOLA may retain up to 15 percent of funding received for small business lending in a loan loss reserve fund.

Grant program. On and after July 1, 2017, DOLA must develop and implement a grant program to provide funding to eligible entities for programs, projects, or direct services aimed at reducing crime in the target communities. Within a month of that date, it must issue a request for participation and select a community foundation or foundations to manage the grant program. The bill specifies the roles and responsibilities that the participating foundation(s) must adhere to, and it outlines the permissible uses of grant funding. DOLA must transfer to the community foundation(s) the administrative costs related to managing the grant program, which may not exceed 4 percent of the appropriation.

State Expenditures

This bill results in a net decrease in General Fund expenditures of $6,457,447 in FY 2017-18 and $6,662,740 in FY 2018-19. It decreases General Fund expenditures in the Department of Corrections (DOC) by $6,616,044 in FY 2017-18 and $6,724,571 in FY 2018-19. There is a 1.0 FTE increase in DOC in both years. The bill increases General Fund expenditures in DOLA by at least $158,597 and 0.9 FTE in FY 2017-18 and by at least $101,831 and 1.0 FTE in FY 2018-19. Note that small business lending and grant funding expenditures have not been estimated but will be incurred by DOLA under the bill. These impacts are shown in Table 1 and discussed below.

Table 1. Expenditures Under HB17-1326		
Cost Components	**FY 2017-18**	**FY 2018-19**
Department of Corrections	**($6,616,044)**	**($6,724,571)**
Personal Services	45,319	45,319
FTE	1.0 FTE	1.0 FTE
Operating Expenses and Capital Outlay Costs	5,653	950
Computer Programming	103,824	
Centrally Appropriated Costs*	12,357	12,357
Prison Bed Reduction	(6,783,197)	(6,783,197)
Department of Local Affairs	**$158,597**	**$101,831**
Personal Services	$49,447	$53,943
FTE	0.9 FTE	1.0 FTE
Operating Expenses and Capital Outlay Costs	5,858	1,250
Travel	735	735
Computer Programming	48,288	6,592
Legal Services	4,753	1,426
Small Business Lending and Grant Funding	TBD	TBD
Centrally Appropriated Costs*	49,516	37,885
TOTAL	**($6,457,447)**	**($6,622,740)**

**Centrally appropriated costs are not included in the bill's appropriation.*

Assumptions. The fiscal note assumes that approximately 1,240 non-violent offenders will fall into the 30-day revocation period specified by the bill. No estimates have been made regarding parolees whose new revocation periods will be capped at 90 days or the remainder of their term; it is unclear how those changes will affect state expenditures. Parolees spend on average 55 days in jail before being revoked. The average length of stay for a non-violent offender revoked for a technical parole violation is 105 days. All offenders spend on average 14 days in jail after their revocation hearings and approximately 91 days in either community return-to-custody facilities (CRCF) or DOC. The bill eliminates the use of CRCF beds. Because of the shortened revocation period, the fiscal note assumes that these offenders will likely not be revoked at all; instead, they will be sentenced to either short stays in jail or other intermediate sanctions such as jail-based treatment. The fiscal note also makes the following assumptions:

- The bill will take effect in June of 2017. There may be a minimal reduction in state expenditures in the current FY 2016-17.
- The reduction in expenditures from jail reimbursements totals $647,671. This is based on a reimbursement rate of $54.39 to county jails and accounts for only the 14 days offenders spend in jail after their revocation hearings.
- The reduction in expenditures from private prison beds totals $3,728,215, based on an average daily rate of $56.80.
- The reduction in expenditures from the elimination of CRCF totals approximately $2,407,311. DOC currently receives $3,241,110 for CRCF. Some of this funding is used for intermediate sanctions, such as jail-based treatment. The average daily

population in CRCF beds for jail-based treatment is 80 offenders. DOC has already received funding for 38 of these beds through an FY 2017-18 decision item. The fiscal note assumes that DOC requires funding to reimburse jails for the remaining 42 beds at $54.39 per day (or $833,799 total funds), resulting in an overall decrease in CRCF funds of $2,407,311. If the Parole Board recommends intermediate sanctions more often in lieu of the 30-day revocation period, DOC may need to request additional funding for jail-based treatment through the annual budget process.

Department of Corrections. Because of the shortened revocation periods, workload for Community Parole Officers is expected to increase. The Division of Adult Parole within DOC requires an additional administrative assistant to help manage the increased workload. Standard operating expenses and capital outlay costs have been included. The fiscal note assumes a start date of June 1, 2017; the General Fund pay date shift moves costs into FY 2017-18. DOC requires additional computer programming: approximately 1,008 hours at $103 per hour to change applications related to Parole Board hearings, time/release action notices, and the Parole Board scheduling system. If the bill results in more frequent technical parole revocations, and therefore more frequent revocation hearings, the Division of Adult Parole and the Parole Board may need to request additional appropriations through the annual budget process.

Department of Local Affairs. Beginning July 1, 2017, DOLA requires one additional FTE to administer the small business lending and grant program established by the bill. Operating expenses and capital outlay costs include printing and postage expenses of $300 to mail program grants, contracts, and annual notices of funding availability. Travel expenses assume annual reimbursement of 1,500 vehicle miles traveled in order to provide oversight and management of the program's participants and grantees in Aurora and Colorado Springs. DOLA requires legal services for initial rule-making and ongoing updates and computer programming to allow secure access to its grant application portal for grantees and program participants. No estimates have been made of the total amount of small business lending and grant funding for the initiative; the fiscal note assumes that the General Assembly will determine funding. The fiscal note assumes that these expenditures require a General Fund appropriation. Personal services and operating expenses have been prorated to account for the General Fund pay date shift.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 3.

Table 3. Centrally Appropriated Costs Under HB17-1326

Cost Components	**FY 2017-18**	**FY 2018-19**
Employee Insurance (Health, Life, Dental, and Short-term Disability)	$16,184	$17,059
Supplemental Employee Retirement Payments	8,492	8,894
Indirect Costs	31,197	18,288
Leased Space	6,000	6,000
TOTAL	**$61,873**	**$50,241**

Local Government Impact

This bill may increase the revenue and expenditures of local governments that apply for and receive funding through the initiative's grant program. It may also decrease revenue and expenditures for county jails as a result of shortened revocation periods for offenders who commit a technical parole violation. Currently DOC reimburses county jails at a rate of $54.39 per day to house parolees.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

In FY 2017-18, the bill requires the following changes in appropriations:

- a General Fund appropriation of $109,081 and an allocation of 0.9 FTE to the Department of Local Affairs, $4,753 of which must be reappropriated to the Department of Law and $48,288 to the Office of Information Technology; and
- a decrease in General Fund appropriations to the Department of Corrections of $6,783,197, an allocation of 1.0 FTE, and an increase in appropriations of $154,796, $103,824 of which must be reappropriated to the Office of Information Technology.

State and Local Government Contacts

Corrections	Counties	Information Technology
Judicial	Local Affairs	Public Safety
Sheriffs		