



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **HB0643.01: Revise reimbursement costs to detention centers holding inmates in state custody**

Primary Sponsor: Tracy Sharp Status: As Introduced

☐ Included in the Executive Budget ☒ Needs to be included in HB 2 ☒ Significant Local Gov Impact
☐ Significant Long-Term Impacts ☒ Technical Concerns ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
Expenditures				
General Fund (01)	\$11,633,365	\$13,139,794	\$15,020,838	\$17,370,860
State Special Revenue (02)	\$303,912	\$330,866	\$358,316	\$386,262
Revenues				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
Net Impact	<u>(\$11,633,365)</u>	<u>(\$13,139,794)</u>	<u>(\$15,020,838)</u>	<u>(\$17,370,860)</u>
General Fund Balance				

Description of fiscal impact

HB 643 would amend Section 7-32-2242, MCA, which currently sets forth the Department of Corrections' (DoC) responsibility to pay "actual costs" for certain offenders in county detention centers and defines "actual costs." Currently, "actual costs" is defined as \$82 or the actual costs of Crossroads Correctional Center, less 10%, whichever is greater. HB 643 would amend the definition of "actual costs" to mean "the costs of housing an inmate as documented by the detention center in which the inmate is held," and would require DoC to pay the "actual cost" plus 10%. HB 643 requires the Department of Public Health and Human Services (DPHHS) to pay the actual costs, plus an additional 10%, to the detention center that is keeping a person in custody. This applies to individuals who have been committed to the custody of the department's director and are awaiting placement in a suitable facility.

FISCAL ANALYSIS

Assumptions

Department of Corrections (DoC)

1. HB 643 would have a significant fiscal impact to the DoC. The last year the DoC has actual cost data for counties is FY 2011. This data was aged for inflation to estimate current actual costs and then the additional 10% was added.
2. The base budget for the county jail hold appropriation is \$5,617,490.
3. DoC assumes an inflationary factor of 1.5% in FY 2028 and FY 2029.
4. HB 643 would also require increased review and reconciliation of proposed per diem rates which would significantly impact the DoC Financial Services Bureau workload. DoC assumes this increased workload would require 1.00 FTE. The operating budget estimate includes one-time-only costs in FY 2026 of \$792

Fiscal Note Request - As Introduced*(continued)*

for required All New Staff Orientation (ANSO) training and \$2,800 for the new employee package for a total of \$3,592.

5. The additional FY 2026 operating costs for county jail holds would be \$6,572,878 (\$12,190,368 total cost - \$5,617,490 base budget). The additional FY 2027 operating costs for county jail holds would be \$6,755,733 (\$12,373,223 total cost - \$5,617,490 base budget). The additional FY 2028 operating costs for county jail holds would be \$6,941,332 (\$12,558,822 total cost - \$5,617,490 base budget). The additional FY 2029 operating costs for county jail holds would be \$7,129,714 (\$12,747,204 total cost - \$5,617,490 base budget).

Department of Public Health and Human Services

6. The department is required by HB 643 to pay for detention costs where it does not currently pay for this cost.
7. The department's waitlist is currently averaging around 100 people held daily in county detention centers while awaiting placement into a DPHHS facility. Based on the past three-year average, the waitlist will increase by approximately 25% yearly. This amounts to approximately 125 people in FY 2026 (100 currently x 1.25), 156 people in FY 2027 (125 x 1.25), 195 people in FY 2028 (156 x 1.25), and 244 people in FY 2029 (195 x 1.25).
8. The methodology used for the Department of Corrections is applied to the average daily populations in assumption 7.
9. The estimated cost in FY 2026 would be \$4,977,231, in FY 2027 would be \$6,304,397, in FY 2028 would be \$7,998,647, and in FY 2029 would be \$10,159,074.

Department of Justice

10. In FY 2024, the Montana Highway Patrol (MHP) paid for 1,378 inmate days for housing inmates in county jails.
11. The MHP spent \$1.5 million in FY 2024 for these inmate days.
12. Using the same methodology applied for the Department of Corrections and assuming the number of inmate days remains constant, the fiscal impact to MHP would be \$303,912 in FY 2026, \$330,866 in FY 2027, \$358,316 in FY 2028, and \$386,262 in FY 2029.

Fiscal Analysis Table**Department of Corrections**

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
<u>Fiscal Impact</u>				
FTE	1.00	1.00	1.00	1.00
TOTAL Fiscal Impact	1.00	1.00	1.00	1.00
<u>Expenditures</u>				
Personal Services	\$79,664	\$79,664	\$80,859	\$82,072
Operating Expenses	\$6,576,470	\$6,755,733	\$6,941,332	\$7,129,714
TOTAL Expenditures	\$6,656,134	\$6,835,397	\$7,022,191	\$7,211,786
<u>Funding of Expenditures</u>				
General Fund (01)	\$6,656,134	\$6,835,397	\$7,022,191	\$7,211,786
TOTAL Funding of Expenditures	\$6,656,134	\$6,835,397	\$7,022,191	\$7,211,786
<u>Revenues</u>				
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
General Fund (01)	(\$6,656,134)	(\$6,835,397)	(\$7,022,191)	(\$7,211,786)

Department of Justice

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<u>Fiscal Impact</u>				
<u>Expenditures</u>				
Operating Expenses	\$303,912	\$330,866	\$358,316	\$386,262
TOTAL Expenditures	\$303,912	\$330,866	\$358,316	\$386,262
<u>Funding of Expenditures</u>				
State Special Revenue (02)	\$303,912	\$330,866	\$358,316	\$386,262
TOTAL Funding of Expenditures	\$303,912	\$330,866	\$358,316	\$386,262
<u>Revenues</u>				
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
State Special Revenue (02)	(\$303,912)	(\$330,866)	(\$358,316)	(\$386,262)

Department of Public Health and Human Services

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<u>Fiscal Impact</u>				
<u>Expenditures</u>				
Operating Expenses	\$4,977,231	\$6,304,397	\$7,998,647	\$10,159,074
TOTAL Expenditures	\$4,977,231	\$6,304,397	\$7,998,647	\$10,159,074
<u>Funding of Expenditures</u>				
General Fund (01)	\$4,977,231	\$6,304,397	\$7,998,647	\$10,159,074
TOTAL Funding of Expenditures	\$4,977,231	\$6,304,397	\$7,998,647	\$10,159,074
<u>Revenues</u>				
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
General Fund (01)	(\$4,977,231)	(\$6,304,397)	(\$7,998,647)	(\$10,159,074)

STATEWIDE SUMMARY

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<u>Fiscal Impact</u>				
FTE	1.00	1.00	1.00	1.00
TOTAL Fiscal Impact	1.00	1.00	1.00	1.00
<u>Expenditures</u>				
Personal Services	\$79,664	\$79,664	\$80,859	\$82,072
Operating Expenses	\$11,857,613	\$13,390,996	\$15,298,295	\$17,675,050
TOTAL Expenditures	\$11,937,277	\$13,470,660	\$15,379,154	\$17,757,122
<u>Funding of Expenditures</u>				
General Fund (01)	\$11,633,365	\$13,139,794	\$15,020,838	\$17,370,860
State Special Revenue (02)	\$303,912	\$330,866	\$358,316	\$386,262
TOTAL Funding of Expenditures	\$11,937,277	\$13,470,660	\$15,379,154	\$17,757,122

Revenues

TOTAL Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Net Impact to Fund Balance (Revenue minus Funding of Expenditures)				
General Fund (01)	(\$11,633,365)	(\$13,139,794)	(\$15,020,838)	(\$17,370,860)
State Special Revenue (02)	(\$303,912)	(\$330,866)	(\$358,316)	(\$386,262)

Effect on County or Other Local Revenues or Expenditures

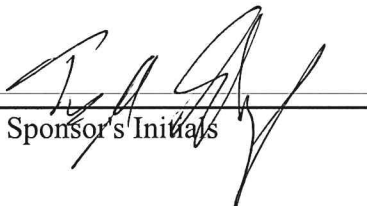
1. There would be an increase in county revenues by the same amount as the state expenditures.

Technical Concerns**Department of Corrections**

1. HB 643 does not provide specificity on how actual costs are to be documented or calculated.
2. HB 643 does not provide a mechanism for DoC to challenge or object to the costs proposed by a facility.

Department of Public Health and Human Services

3. The department currently has requests for HB 2 decision packages that may reduce the waiting lists at the detention center. If passed, this would lower the projected costs of HB 643.
4. HB 643 requires the Department of Public Health and Human Services (DPHHS) to reimburse counties for costs incurred for holding a person who has been committed to the custody of the department and is awaiting placement in an appropriate facility. SB 429, requires the district court office of the court administrator to cover all costs associated with a fitness to proceed examination, including, medical care, and transportation costs to the Montana State Hospital. If both HB 643 and SB 429 are passed and approved, the Department of Public Health and Human Services and the Judicial Branch will have conflicting statutes regarding the financial responsibility for jail hold costs.



Sponsor's Initials

24 Feb 25

Date



Budget Director's Initials

2/27/2025

Date