

# **SOUTH DAKOTA LEGISLATIVE RESEARCH COUNCIL**

## **FISCAL NOTE, 2015 LEGISLATIVE SESSION**

### **FISCAL NOTE 2015-SB73A**

SB 73 is an Act to improve public safety regarding juvenile justice.

The purpose of SB 73 is to prevent juveniles from becoming further involved in the juvenile justice system, improve outcomes by expanding access to evidence-based interventions in the community, focus residential placements on youth who are a public safety risk, and ensure quality and sustainability of reforms.

The reforms in SB 73 do have a fiscal impact to the general fund. However, no additional federal fund or other fund expenditure authority is needed to implement the reforms. The costs associated with these reforms are included in the Governor's FY16 recommended budget (HB 1208). SB 73 contains provisions that are expected to reduce juvenile commitments and result in cost savings to the Department of Corrections. Projected costs and cost savings were developed by the Department of Corrections with assistance from the Public Safety Performance Project of the Pew Charitable Trusts (Pew). Pew used historical data and research to formulate a juvenile population projection, assessed the recent trends of the juvenile population, and performed a review of South Dakota statutes. Pew also used national data compiled by the Washington State Institute of Public Policy to calculate the cost of the new programs included in SB 73.

In collaboration with the Department of Corrections, Pew determined the average annual out-of-home placement cost for state facilities, detention and jail, and private placements was \$59,281, based on program cost data provided by the Department of Corrections. This data, in conjunction with the research and data previously mentioned, was used by Pew to project the estimated reduction in out-of-home placements and the cost savings associated with these placements.

Due to the variance in out-of-home placement costs at various out-of-home placement facilities and the unknown number of placements reduced at each facility, the Legislative Research Council created a range of estimated costs or savings under SB 73. Two scenarios were considered in developing the range. The first scenario included no closure or change in the operational cost of state facilities, and the number of out-of-home placements was reduced proportionately between state facilities, detention and/or jail, and private placements. This scenario created the low range of savings. The second scenario included closure of state facilities, phasing out of detention/jail placements, and a proportionate reduction in the number of out-of-home placements at private facilities. This scenario created the high range of savings.

The following table shows the funding budgeted in each agency needed to carry out the provisions of SB 73. Since much of SB 73 goes into effect on January 1, 2016, the FY16 amounts represent one-half of a year's worth of funding. The FY17-FY20 amounts represent a full fiscal year. The table also shows the estimated reduction in out-of-home placements, the estimated cost savings by the Department of Corrections and Pew, and the estimated range of costs/savings calculated by the Legislative Research Council.

| SB 73 Costs   | FY16<br>Recommended<br>General Funds<br>(included in HB<br>1208 and funds<br>1/2 year) | FY17 Estimated<br>General Funds<br>(funds full year) | FY18 Estimated<br>General Funds<br>(funds full year) | FY19 Estimated<br>General Funds<br>(funds full year) | FY20 Estimated<br>General Funds<br>(funds full year) |
|---|--|--|--|--|--|
| <b>Department of Social Services</b>  | <b>\$2,930,540</b>   | <b>\$6,134,049</b>                                   | <b>\$5,983,549</b>                                   | <b>\$5,983,549</b>                                   | <b>\$5,983,549</b>                                   |
| Community Based Interventions   | \$2,317,992  | \$5,100,723  | \$5,100,723  | \$5,100,723  | \$5,100,723  |
| Quality Assurance Contract  | \$150,000  | \$300,000  | \$300,000  | \$300,000  | \$300,000  |
| Functional Family Therapy   | \$314,000  | \$150,500  | \$0  | \$0  | \$0  |
| Aggression Replacement Therapy Training   | \$17,500   | \$4,000  | \$4,000  | \$4,000  | \$4,000  |
| Rural Rate Increase   | \$83,448   | \$183,626  | \$183,626  | \$183,626  | \$183,626  |
| Crisis Intervention/Respite Short-Term Res.<br>Beds                                 | \$47,600   | \$95,200   | \$95,200   | \$95,200   | \$95,200   |
| Department of Social Services - 4 FTE's   | \$0  | \$300,000  | \$300,000  | \$300,000  | \$300,000  |
| <b>*Unified Judicial System</b>   | <b>\$300,000</b>   | <b>\$400,000</b>                                     | <b>\$400,000</b>                                     | <b>\$400,000</b>                                     | <b>\$250,000</b>                                     |
| Diversion Incentive   | \$250,000  | \$250,000  | \$250,000  | \$250,000  | \$250,000  |
| Detention-Cost Sharing Fund   | \$50,000   | \$150,000  | \$150,000  | \$150,000  | \$0  |
| <b>Department of Tribal Relations</b>   | <b>\$5,000</b>   | <b>\$0</b>   | <b>\$0</b>   | <b>\$0</b>   | <b>\$0</b>   |
| Native American Pilot Development   | \$5,000  | \$0  | \$0  | \$0  | \$0  |
| <b>*Department of Corrections</b>   | <b>\$0</b>   | <b>\$15,000</b>                                      | <b>\$15,000</b>                                      | <b>\$15,000</b>                                      | <b>\$15,000</b>                                      |
| Oversight Council Technical Assistance  | \$0  | \$15,000   | \$15,000   | \$15,000   | \$15,000   |
| <b>Total General Funds</b>  | <b>\$3,235,540</b>   | <b>\$6,549,049</b>                                   | <b>\$6,398,549</b>                                   | <b>\$6,398,549</b>                                   | <b>\$6,248,549</b>                                   |
| <b>SB 73 Savings</b>  |  |  |  |  |  |
| <b>Number of Estimated Placements</b>   | n/a  | 314  | 303  | 299  | 296  |
| <b>Estimated Placements with SB 73 Reforms</b>                                      | n/a  | 208  | 175  | 146  | 127  |
| <b>Estimated Reduction in Placements with SB 73 Reforms</b>                         | 0  | 106  | 128  | 153  | 169  |
| <b>Pew Estimated Cost Savings with SB 73 Reforms</b>                                | \$0  | \$6,283,786  | \$7,587,968  | \$9,069,993  | \$10,018,489   |
| <b>Legislative Research Council Range of Savings with SB 73 Reforms</b>             | \$0  | \$3,189,683 -<br>\$9,358,168                         | \$3,851,693 -<br>\$10,679,070                        | \$4,603,976 -<br>\$11,815,629                        | \$5,085,438 -<br>\$12,522,744                        |
| <b>Legislative Research Council Range of (Costs)/Savings less Total SB 73 Costs</b> | <b>(\$3,235,540)</b>   | <b>(\$3,359,366) -<br/>\$2,809,119</b>               | <b>(\$2,546,856) -<br/>\$4,280,521</b>               | <b>(\$1,794,573) -<br/>\$5,417,080</b>               | <b>(\$1,163,111) -<br/>\$6,274,195</b>               |

\*Per the Governor's Office - A general bill amendment will be proposed on HB 1208 to shift the FY16 Unified Judicial System funding to the Department of Corrections. A similar shift will be required in FY17.

Legislative Research Council staff met with Pew to discuss the assumptions and methodology used in determining their estimates. In addition, the Legislative Research Council was provided supporting documentation and calculations for independent verification. Upon review, Legislative Research Council staff believes that the assumptions, methodology, and the amounts budgeted in HB 1208 (FY16 General Appropriations Act) are reliable. The Legislative Research Council considered two scenarios that created a range of costs or savings for SB 73. The Pew estimates fell in the middle of that range.

APPROVED BY:  /S/ Jason Hancock DATE:  2/18/15