

Fiscal Note & Local Impact Statement

122nd General Assembly of Ohio

BILL: Am. Sub. S.B. 52 DATE: May 28, 1997

STATUS: As Passed by the House SPONSOR: Sen. Carnes

LOCAL IMPACT STATEMENT REQUIRED: No — Minimal cost

CONTENTS: Confidentiality of public assistance records, denies TANF and DA benefits to fugitive felons, and probation or parole violators, opts-out of the federal law denying TANF and Food Stamp benefits to convicted drug felons, and requires 25 percent of all money earned by certain prisoners to be paid to the state or a county child support enforcement agency (CSEA)

State Fiscal Highlights

STATE FUND	FY 1997	FY 1998*	FUTURE YEARS*
General Revenue Fund			
Revenues	- 0 -	Minimal gain	Minimal gain
Expenditures	- 0 -	Minimal increase	Minimal increase

*At this time, the net annual fiscal effect though uncertain will likely result in a relatively small revenue gain or expenditure increase.

- The bill denies TANF and DA benefits to people who are fugitive felons, and probation or parole violators, however current rules deny benefits to these individuals, therefore there is no savings in benefit payments.
- The bill requires the department to provide benefits to convicted drug felons, thereby opting out of the federal law denying benefits to these individuals and minimally increasing expenditures.
- The bill increases administrative responsibilities of the state departments of Human Services and Rehabilitation and Correction, which may minimally increase expenditures for conducting criminal/welfare recipient cross checks. Fugitive felons who are located will reduce welfare benefit costs, but will increase incarceration costs to the state.
- The amount of money to be collected annually from certain prisoners employed by the Department of Rehabilitation and Correction and then routed to the state GRF is expected to be relatively small. It is unclear how easily DRC can incorporate this collection requirement into each prison's accounting system.
- No additional state GRF will be collected from certain prisoners employed in a county jail industry program since there are no such programs currently in operation.



Local Fiscal Highlights

LOCAL GOVERNMENT	FY 1997	FY 1998*	FUTURE YEARS*
Counties			
Revenues	- 0 -	Minimal gain	Minimal gain
Expenditures	-0-	Minimal increase	Minimal increase

***At this time, the net annual fiscal effect though uncertain will likely result in a relatively small revenue gain or expenditure increase.**

- The bill increases the administrative responsibilities of county departments of human services for auditing and tracking recipients who may be precluded from receiving benefits due to their criminal status. As a result, fugitives and probation and parole violators may be found, potentially raising local prosecution and sanctioning costs.
- Additional administrative burdens are placed on child support enforcement agencies (CSEAs) relative to collection and distribution of moneys earned by certain prisoners employed by DRC. While the net fiscal effect is uncertain, it does appear that the amount collected annually statewide will be relatively small. With regard to the collection and distribution of child support moneys from certain prisoners employed in a county jail industry program, no money will be generated and no additional administrative burdens are created for county sheriffs or CSEAs since there are no county jail industry programs currently in operation.

Detailed Fiscal Analysis

Fugitive Felons, Probation and Parole Violators

The bill requires the state Department of Human Services to enter into agreements with law enforcement agencies and auditors of public assistance programs for the exchange of information on public assistance recipients. These agreements will slightly increase the administrative responsibilities of the department. The increased administrative burden will potentially increase expenditures. In addition, county departments of human services also will have similar responsibilities, also minimally increasing their administrative workload.

If this program works as desired more fugitives and parole or probation violators would be found by law enforcement agencies. This would result in the termination of welfare benefits to these individuals saving the state moneys equal to the portion of the DA or TANF cash benefit attributable to the fugitive or violator. If the person being sought by law enforcement is only receiving Food Stamps no savings to the state will be realized, as Food Stamp Benefits are completely federally funded.

Once law enforcement captures these people fleeing prosecution there will be additional costs to the state and localities for prosecution and incarceration. These costs vary depending upon the type of crime being prosecuted. At the high end, the cost of incarceration in a state prison is approximately \$14,000 per year for each inmate. The net effect of this policy change is

indeterminate with no information on the number of fugitive felons who are possibly receiving welfare benefits. The Department of Human Services, however, believes the number to be small.

When the federal welfare reform legislation passed in August 1996, states were required to deny Temporary Assistance for Needy Families (TANF) benefits to fugitive felons, probation or parole violators, and convicted drug felons. According to the Department of Human Services, rules were enacted that deny TANF benefits to these individuals in order to comply with federal law. The provision in this bill denying TANF benefits to fugitive felons and probation or parole violators simply puts the current policy into law, while not eliminating any additional people from the TANF caseload, thus having no significant fiscal effect.

Historically Disability Assistance (DA) eligibility has mirrored the eligibility for federal means tested public assistance programs. The department enacted DA rules that denied benefits to individuals who were fugitive felons, probation or parole violators, and convicted drug felons to reflect the changes in the federal programs. As is the case with the TANF provisions of this bill, the denial of DA benefits to this group, with the exception of the drug felons (see below) will yield no savings because it is the current practice to deny assistance to these individuals. However, the bill's provision allowing convicted drug felons to receive public assistance benefits is a policy shift that has minimal costs associated with it.

The bill requires the state to opt-out of the provision of the Personal Responsibility and Work Opportunity Act that requires states to deny TANF and Food Stamp benefits to persons convicted of a drug felony. Since this provision only denied benefits to the person convicted of the felony, not the entire assistance group, only those individuals convicted will become newly eligible. Allowing convicted drug felons to receive TANF and Food Stamp benefits will increase expenditures minimally. According to the Department of Human Services, the DA program eligibility mirrors that of the federal programs therefore convicted drug felons previously have been denied DA benefits through rule. The bill will allow persons convicted of a drug felony to qualify for DA benefits if they meet all other eligibility requirements. This will increase expenditures for the DA program minimally.

The bill also requires the Department of Rehabilitation and Correction (DRC) and the Department of Human Services (HUM) to enter into an agreement for the monthly exchange of information concerning persons under DRC's control or supervision. DRC and HUM currently have just such an agreement under which the former sends the latter a quarterly tape of information on persons housed in the state prison system. This amounts to approximately 46,000 offenders. The bill basically expands the population on whom DRC would be required to provide information to include offenders supervised by the Division of Parole and Community Services. This adds another 18,000 to 20,000 offenders on whom DRC would be providing information. DRC believes that providing this information on a monthly basis for some 64,000 to 66,000 offenders will not be overly problematic. Thus, there should be at most a negligible fiscal effect on departmental expenses from this expanded monthly information-generating requirement.

Prisoner Earnings Distribution

Currently, DRC is *required* to allocate prisoner earnings for incarceration cost reimbursement, victim reparations, dependent support, and the prisoner's own personal use. In the case of a county jail industry program, prisoner earnings *may* be allocated for paying taxes, workers' compensation, confinement cost reimbursement, victim restitution, fines and court

costs, dependent support, and the prisoner's own personal use. The bill's proposed reallocation of prisoner earnings – described below – jumps in front of these existing earnings distribution schemes for certain prisoners employed by DRC or a county jail industry program. How much money might be *diverted* or *rerouted* annually statewide as a result of the two prisoner earnings distribution provisions contained in the bill is uncertain, although we suspect the total will in all likelihood not be very large.

Under the first of these two provisions, any prisoner employed by DRC or a county jail industry program having a dependent child who receives public assistance benefits under the Temporary Assistance to Needy Families (TANF) program would have 25 percent of their earnings allocated for payment to the state Department of Human Services. This amount is meant to be an offset for a portion of the cost of providing cash benefits to the child, and would be deposited into the state's GRF.

Under the second of the two provisions, any prisoner employed by DRC or a county jail industry program who is in default of a child support court order would have 25 percent of their earnings allocated for payment to the local child support enforcement agency (CSEA) which is administering that support order. Those moneys would then be distributed to the custodial parent, with the local CSEA keeping their administrative percentage.

County Jail Industry Programs. Existing law permits county commissioners to establish a county jail industry program. At one point in time, Wood County had the lone operational county jail industry program in the State of Ohio. However, it appears that there are no such programs currently in operation. If this is in fact true, then there are no prisoners employed in a county jail industry program, no money will be generated for allocation to the state GRF or CSEAs, and no additional administrative burdens will be created for county sheriffs and CSEAs.

DRC Employment Programs. Incomes for prisoners employed by DRC average \$18 a month for the majority of working inmates (roughly 38,000), and around \$60 a month for the approximately 3,200 prisoners employed by DRC's Ohio Penal Industries (OPI) program. However, the number of those employed prisoners potentially affected by the earnings distribution provisions contained in the bill is unknown at this time. Given the relatively small monthly incomes prisoners typically generate, our impression is that the total amount of money that will accrue to the state GRF and CSEAs annually will not be significant.

CSEAs also will incur an administrative burden relative to the disbursement of child support moneys collected from prisoners employed by DRC. Those administrative costs could potentially outweigh the amount of revenue collected, thus producing a net local cost to CSEAs. We suspect though that this net annual local fiscal effect statewide will be relatively small. (Under legislation currently pending before the 122nd General Assembly – H. B. 352 – much of this collection and distribution responsibility for child support moneys may be transferred to the state level, potentially relieving CSEAs of this administrative burden.)

In a nutshell the fiscal effect of these two prisoner earnings distribution provisions will require the state departments of Human Services and Rehabilitation and Correction, as well as CSEAs, to create new information-sharing and cost recovery mechanisms that may in the end collect a relatively small amount of money annually statewide from certain prisoners employed by DRC. We are unsure as to how easily DRC can incorporate this collection requirement into each prison's accounting system for the administration and allocation of prisoner earnings.

Adult Parole Authority Agreements

The bill permits DRC's Adult Parole Authority (APA) to enter into written agreements to share information, personnel, and services for the purposes of training, crime interdiction, fugitive apprehension, and community supervision. This language appears to codify the reality that the APA currently has such relationships and establishes clear statutory authority for their existence should their legitimacy be questioned. Beyond the fact that this language could resolve liability issues, and thus possibly save the state some litigation expenses, this provision of the bill looks to be carrying no fiscal freight.

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