

Fiscal Note & Local Impact Statement

122nd General Assembly of Ohio

BILL: Sub. S.B. 52 DATE: May 21, 1997

STATUS: As Reported by House Finance and Appropriations 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 50 percent of all money earned by certain prisoners to be paid to the state or a county child support enforcement agency

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 is indeterminate.

- 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 department 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 or county jail industry programs 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.



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 is indeterminate.**

- 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. Probation and parole violators who are unearthed will then come under the law enforcement system, which may increase local costs.
- Additional administrative burdens are placed on county sheriffs and child support enforcement agencies relative to collection and distribution of moneys earned by certain prisoners employed in county jail industry programs. While the net fiscal effect is uncertain, it does appear that the amount collected annually statewide will be relatively small.

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 monies 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 divide 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 used 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 collection and redistribution of prisoner earnings related to TANF-dependent children and child support defaults – described below – jumps in front of these existing earnings distribution schemes for prisoners employed by DRC or a county jail industry program. How much money might be *diverted* or *rerouted* annually as a result of these two provisions is uncertain, although we suspect the total will not be very large.

Under one such provision, any prisoner having a dependent child who receives public assistance benefits under the Temporary Assistance to Needy Families (TANF) program would have 50 percent of any money earned paid to the 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 in the GRF.

Since it is unknown how many prisoners are the parents of such children, and earn income while in a state prison or county jail industry program, LBO can not estimate the amount likely to be generated to the GRF. However, in the case of DRC, since prisoner incomes average \$18 a month for the majority of inmates, and around \$60 a month for the approximately 3,000 prisoners employed by DRC's Ohio Penal Industries program, the amount collected annually is not expected to be significant.

The second provision requires that 50 percent of any earnings of a prisoner who is in default of a child support court order shall be paid to the local child support enforcement agency (CSEA) which is administering that support order. Those monies would then be distributed to the custodial parent, with the local CSEA keeping their administrative percentage. The number of prisoners employed by DRC or a county jail industry program that might be affected by this provision is unknown at this time. However, our impression once again is that given the relatively small incomes prison or county jail employment typically generates, the total amount accruing to the local support agency annually is expected to be very small. Local CSEAs also will have an administrative burden and the costs may well outweigh their portion of the recovery, producing a net local cost to the CSEA. Under pending legislation (H.B. 352), much of this responsibility may be transferred to the state level, potentially relieving the local agency of the administrative burden and their reimbursement.

In a nutshell the fiscal effect of these two prisoner earnings provisions will require the state departments of Human Services and Rehabilitation and Correction, county sheriffs, and CSEAs to create new information-sharing and cost recovery mechanisms that may in the end collect a relatively small amount of money annually statewide. 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. For local governments, it is unclear how far they will have to go to identify if any such individuals are employed in a county jail industry program, and at what cost.

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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