

Colorado Legislative Council Staff Fiscal Note

**STATE and LOCAL
REVISED FISCAL IMPACT**

(replaces fiscal note dated April 25, 2012)

Drafting Number: LLS 12-0426	Date: May 2, 2012
Prime Sponsor(s): Sen. Steadman	Bill Status: House Judiciary
Rep. DelGrosso	Fiscal Analyst: Kerry White (303-866-3469)

TITLE: CONCERNING CONSOLIDATION OF DRUG TREATMENT FUNDING INTO THE CORRECTIONAL TREATMENT FUND, AND, IN CONNECTION THEREWITH, MAKING AND REDUCING APPROPRIATIONS.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014	FY 2014-2015
State Revenue			
State Transfers			
Drug Offender Surcharge Fund to the Correctional Treatment Cash Fund	(\$7,656,200)	(\$7,656,200)	(\$7,656,200)
State Expenditures			
General Fund	\$57,817 (37,964)	\$1,896,114 1,805,036	\$1,896,114 1,805,036
Cash Funds			
Correctional Treatment Cash Fund	95,781	91,078	91,078
FTE Position Change	0.5 FTE	0.5 FTE	0.5 FTE
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.			
Appropriation Summary for FY 2012-2013: See State Appropriations section.			
Local Government Impact: Potential decrease in revenue - see Local Government Impact section.			

Summary of Legislation

This reengrossed bill consolidates funding for substance abuse treatment for adult and juvenile offenders. The bill renames the existing Drug Offender Surcharge Fund to the Correctional Treatment Cash Fund (CTCF). The Drug Offender Treatment Fund is repealed, with its fund balance transferred into the new CTCF.

Beginning in FY 2012-13, a minimum of \$2.2 million is required to be deposited into the fund each year from savings generated by Senate Bill 03-318. Under current law, savings from House Bill 10-1352 are deposited to the Drug Offender Surcharge Fund. As amended, this bill redirects these moneys to the CTCF and specifies the minimum amounts to be transferred as \$7,656,200 for FY 2012-13 and, beginning in FY 2013-14, \$9.5 million per year thereafter.

The bill repeals the existing six-member committee and Interagency Task Force on Treatment and replaces them with a single eight-member Correctional Treatment Board. The new board includes representation from state and local agencies serving adult and juvenile offenders and is tasked with preparing an annual treatment funding plan.

Finally, the bill clarifies requirements and expands the membership of judicial district drug offender treatment boards. Each group is required to submit an annual recommendation to the board for approval of funding of local treatment needs.

State Transfers

Beginning on July 1, 2012, the unexpended and unencumbered fund balance from the Drug Offender Surcharge Fund is transferred to the new CTCF. Following adjustments made in the Long Bill for FY 2012-13, the fund balance available for transfer is anticipated to be \$7,656,200. However, the bill requires minimum transfer amounts, beginning in FY 2013-14, of \$9.5 million per year thereafter. As a result, and as discussed in the State Expenditures Section, this analysis assumes General Fund backfill will be required.

State Expenditures

This bill increases state expenditures by \$57,817 in FY 2012-13 and by \$1,896,114 per year, beginning in FY 2013-14. It also requires 0.5 FTE per year beginning in FY 2012-13. Table 1 and the discussion that follows address the cost components of the bill.

Table 1. Expenditures Under SB12-104			
Cost Components	FY 2012-13	FY 2013-14	FY 2014-15
Personal Services under HB10-1352	(\$33,217)	(\$33,217)	(\$33,217)
FTE under HB10-1352	(0.5)	(0.5)	(0.5)
Operating Costs under HB10-1352	(475)	(475)	(475)
Travel Costs under HB10-1352	(1,842)	(1,842)	(1,842)
Report Preparation Costs under HB10-1352	(2,430)	(2,430)	(2,430)
Personal Services under SB12-104	90,128	90,128	90,128
FTE under SB12-104	1.0	1.0	1.0
Operating and Capital Outlay Costs under SB12-104	5,653	950	950
Transfer to Correctional Treatment Cash Fund	0	1,843,000	1,843,000
TOTAL	\$57,817	\$1,896,114	\$1,896,114
General Fund	(37,964)	1,805,036	1,805,036
Cash Funds	95,781	91,078	91,078

Reduction in costs for HB10-1352. The Department of Public Safety was granted 0.5 FTE and corresponding appropriations under HB10-1352 to analyze and report on the amount of fiscal savings generated under that bill. As this bill removes those requirements, the appropriation to the department should be reduced by \$37,964 and 0.5 FTE. This includes costs for personal services, operating, travel, and report preparation. It assumes any reductions in expenditures not included will be addressed through the annual budget process.

Increase in costs for SB12-104. The Judicial Department will require a total of \$95,781 in FY 2012-13 and \$91,078 in FY 2013-14, and an allocation of 1.0 FTE beginning in FY 2012-13, to provide analytical and administrative support to the Correctional Treatment Board. These amounts include personal services, operating, and capital outlay costs and will be paid with the Judicial Department's existing appropriation for the CTCF. Therefore, the Judicial Department does not require additional spending authority and these costs are not shown in the appropriations section.

Transfer to the Correctional Treatment Cash Fund. The bill specifies minimum amounts be transferred to the new consolidated cash fund. However, the existing Drug Offender Surcharge Fund is anticipated to be insufficient to cover these transfers and, therefore, requires a General Fund backfill, as shown in Table 2.

Table 2. General Fund Backfill for Transfers to the Correctional Treatment Cash Fund Under SB12-104			
Cost Components	FY 2012-13	FY 2013-14	FY 2014-15
Required Transfer to Correctional Treatment Cash Fund	\$7,656,200	\$9,500,000	\$9,500,000
Less Available Cash Fund Balance	(7,656,200)	(7,656,200)	(7,656,200)
Total General Fund Backfill Required	\$0	\$1,843,800	\$1,843,800

Expenditures Not Included

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 summarized in Table 3.

Table 3. Expenditures Not Included Under SB12-104*		
Cost Components	FY 2012-13	FY 2013-14
Health, Life, Dental, and Short-term Disability Insurances	\$6,210	\$6,210
Supplemental Employee Retirement Payments	5,363	6,174
TOTAL	\$11,573	\$12,384

*More information is available at: <http://colorado.gov/fiscalnotes>

Local Government Impact

By expanding the membership of judicial district drug offender treatment boards to include participation from the chair of the local community corrections board, a parole officer, a sheriff, and a person with expertise in juvenile matters, this bill increases workload for local governments. Based on available information, this analysis assumes the increase is minimal.

This bill may also reduce the total and proportional funding distributed to individual judicial districts. Under current law, at least 80 percent of the annual Drug Offender Treatment Fund allocation is required to be distributed to local judicial districts using a formula that takes into account the district's population and number of drug case filings. Under this bill, judicial districts may request similar funding levels, but it is within the board's purview to decide the actual funding amount each judicial district receives.

State Appropriations

This bill contains multiple adjustments to reflect the consolidation of cash funds into the CTCF and the reduction of personal services and 0.5 FTE from the Department of Public Safety. In addition to the existing appropriations, for FY 2012-13, the Judicial Department requires an allocation of 1.0 FTE.

Departments Contacted

Corrections
Judicial

Human Services
Public Safety

Joint Budget Committee Staff