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FISCAL IMPACT REPORT

ORIGINAL DATE 2/11/15
 SPONSOR Torraco LAST UPDATED 3/18/15 HB _____
 SHORT TITLE Halfway House and Transitional Facility Act SB 358/aSPAC
 ANALYST Chenier

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		See fiscal implications	See fiscal implications	See fiscal implications	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SB 358 relates to a \$500 thousand special appropriation for a transitional living pilot program and \$400 thousand in the base to expand transitional living services for women.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Defender Department (PDD)
 Attorney General’s Office (AGO)
 New Mexico Corrections Department (NMCD)

SUMMARY

Synopsis of SPAC Amendment

The Senate Public Affairs Committee amendment to SB 358 would:

1. Strike language from the bill title requiring NMCD to operate at least 2 halfway houses or transitional residential facilities (1 for men and 1 for women) in each probation and parole region. Instead, the title would read in relevant part, “REQUIRING THE CORRECTIONS DEPARTMENT TO OPERATE OR CONTRACT WITH A THIRD PARTY TO OPERATE HALFWAY HOUSES OR TRANSITIONAL RESIDENTIAL FACILITIES.”
2. Section 3(C) is amended to require 1 facility in each probation and parole region, striking language requiring 2 facilities (1 for men and 1 for women). Language is added requiring the department to consider the needs of men and women in establishing these facilities. The original July 1, 2016 deadline for beginning to operate these facilities is replaced with a July 1, 2018 deadline.
3. Section 6(C) is stricken, removing the requirement that inmates within one year of scheduled release be prioritized for placement in facilities by the department.

Synopsis of Original Bill

Senate Bill 358 proposes to create “halfway houses” (facilities providing housing and supervision to parolees) and “transitional residential facilities” (facilities providing housing, supervision and programmatic support to parolees or transferees from correctional facilities). The department may also contract with a third party to operate these facilities.

Funding would appear to come from those placed in these facilities, based on a sliding scale taking into account ability to pay. However, “no person who is otherwise eligible... [would] be denied housing based solely on inability to pay.” SB 358 proposes to make available programs for residents to attain a high school equivalency credential. Further, each resident would be required to participate in rehabilitative programs prescribed by a risk and needs assessment.

The NMCD would establish rules necessary to implement the proposed actions. For instance, electronic monitoring may be required of the residents. The department may remove a resident from these facilities for his or her failure to comply with the provisions of this legislation or rules promulgated by the department.

FISCAL IMPLICATIONS

The cost to house parolees in FY14 in residential treatment facilities averaged \$22.7 thousand per parolee annually. Currently, NMCD houses about 181 release eligible inmates (REI) in prison, at a cost of about \$36.8 thousand per inmate annually, who have not been released due in part to a lack of community-based resources. The average cost to house male inmates varies between \$24.8 thousand per inmate annually to as much as \$54.8 thousand per inmate annually at the Penitentiary of New Mexico where more costly security level VI inmates are housed. The average cost to house women in prison was about \$29.1 thousand per inmate annually in FY14.

If the department were able to move REIs into transitional residential facilities or halfway houses more readily they may be able to achieve cost savings over the long run (not including startup costs). In 2014, the department issued an RFP to expand women’s prison capacity. Additional halfway houses could reduce the need for additional prison capacity.

This bill requires 4 halfway houses to be established; however, it does not provide an appropriation for building, operational, and transition costs which could be substantial. The recurring savings in NMCD may not be sufficient to cover the cost of operating 4 transitional facilities.

The current version of the General Appropriations Act includes \$400 thousand in the recurring operating budget for transitional living services and \$500 thousand through a special appropriation to cover startup costs for a transitional residential facility in Las Lunas. Additional appropriations would be required for startup costs in other areas of the state.

Cost of Prison and Residential Facilities (thousands)

	Release Eligible Inmates as of 11/14	Average Annual Cost FY14	Total Annual Cost
Residential Facilities	181	22.7	4,108.7
Prison REI	181	36.8	6,660.8
Potential Annual Savings			(2,552.1)

* Does not include Startup costs

Source:NMCD and LFC files

SIGNIFICANT ISSUES

NMCD provided the following:

NMCD understands and appreciates the growth of community level resources such as those proposed by this legislation will be critical in helping it reach its goals and of reducing recidivism. However, these kinds of policies are best developed administratively by NMCD, and not mandated by legislation. By its own direction, NMCD is committed to the expansion of community level correctional programming. It would give release eligible inmates, nonviolent offenders, and any other inmates determined by NMCD the opportunity to transition successfully into society by living in one of the houses or facilities (and engaging in GED-related classes and other designated rehabilitative, educational and vocational skills programming and/or treatment as determined by a validated risk and needs assessment).

The Act requires the operation of four (4) half way houses or transitional residential facilities throughout the state, and requires them to be in place and operational by July 1, 2018. However, finding existing appropriate buildings to lease is still not easy and will take time, as would finding a qualified vendor or vendors to operate the houses and facilities if NMCD decided to pursue that option. If NMCD could not find suitable existing facilities, which is a reasonable possibility, the financing and completion of the construction of suitable buildings to be used as houses or facilities could still prove to be difficult by July 1, 2018.

Prioritizing the state’s resources to first operate one house or facility for its female offenders would be reasonable, as female offenders are generally much less likely to be violent offenders, sex offenders, or gang members. Focusing first on female offenders is more likely to yield more immediate success, and would allow NMCD to gain the experience and expertise needed to then expand its operation to additional houses or facilities at some point in the future. Neither the original bill nor the amendment allows for NMCD to operate only or two houses or facilities as a pilot project as part of effectively building a long term community housing strategy.