



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **HB0643.04 (003): Revise reimbursement costs to detention centers holding inmates in state custody**

Primary Sponsor: Tracy Sharp Status: As Amended in Senate Committee

☐ Included in the Executive Budget ☒ Needs to be included in HB 2 ☐ Significant Local Gov Impact

☐ Significant Long-Term Impacts ☒ Technical Concerns ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
Expenditures				
General Fund (01)	\$108,197	\$6,199,820	\$6,292,817	\$6,387,209
State Special Revenue (02)	\$6,000,000	\$0	\$0	\$0
Revenues				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
Net Impact	<u>(\$108,197)</u>	<u>(\$6,199,820)</u>	<u>(\$6,292,817)</u>	<u>(\$6,387,209)</u>
General Fund Balance				

Description of fiscal impact

HB 643 as amended updates the definition of "actual cost" of a detention center to be the greater of the daily per inmate provider rate for an operator of a private correctional facility in Montana with a population of more than 500 state inmates that contracts with DoC less 10% or \$82.00. The amendment also directs the Department of Public Health and Human Services (DPHHS) to utilize the \$6,000,000 state special appropriation to reimburse counties at a rate equal to 135% of the rate paid to private contracted facilities with more than 500 state inmates. DPHHS will incur costs related to reimbursing counties.

FISCAL ANALYSIS

Assumptions

Department of Corrections (DoC)

1. The rate for DoC does not change, given the amendments to the bill so there would be no fiscal impact.

Department of Public Health and Human Services (DPHHS)

2. Section 2(2) directs DPHHS to reimburse counties at 135% of the rate paid to operators of private correctional facilities in Montana with greater than 500 state inmates.
3. The daily rate paid by DPHHS would be \$133.88 in FY 2026, with a 1.5% growth each year.
4. The department's waitlist averages 100-125 people held daily in county detention centers while awaiting placement into a DPHHS facility. The waitlist is assumed to hold at 125 for the projected years.
5. Based on the assumptions above, the department assumes the \$6 million state special appropriation in Section 2 will be exhausted in FY 2026 (see table after assumption 5).
6. Total costs are \$6,108,197 in FY 2026, \$6,199,820 in FY 2027, \$6,292,817 in FY 2028, and \$6,387,209 in FY 2029 (table below). Costs in excess of the appropriation are shown as general fund in this analysis.

FY	Daily Detention Cost	Projected Waiting List	Days	Total Cost
2026	\$133.88	125	365	\$6,108,197
2027	\$135.89	125	365	\$6,199,820
2028	\$137.92	125	365	\$6,292,817
2029	\$139.99	125	365	\$6,387,209
Total				\$24,988,043

Fiscal Analysis Table

Department of Public Health and Human Services

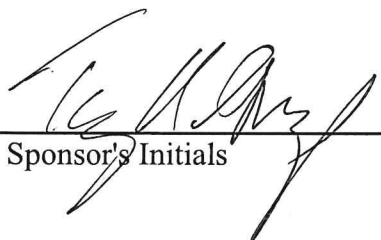
	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<u>Fiscal Impact</u>				
<u>Expenditures</u>				
Operating Expenses	\$6,108,197	\$6,199,820	\$6,292,817	\$6,387,209
TOTAL Expenditures	\$6,108,197	\$6,199,820	\$6,292,817	\$6,387,209
<u>Funding of Expenditures</u>				
General Fund (01)	\$108,197	\$6,199,820	\$6,292,817	\$6,387,209
State Special Revenue (02)	\$6,000,000	\$0	\$0	\$0
TOTAL Funding of Expenditures	\$6,108,197	\$6,199,820	\$6,292,817	\$6,387,209
<u>Revenues</u>				
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
General Fund (01)	(\$108,197)	(\$6,199,820)	(\$6,292,817)	(\$6,387,209)
State Special Revenue (02)	(\$6,000,000)	\$0	\$0	\$0

Technical Concerns**Department of Corrections**

1. There is an amendment being proposed to HB 913, which is the Section D companion bill. It appears the amendment will also establish a daily rate of \$85.30 for detention centers. The language would appear to conflict with the language in HB 643 so coordinating language between the bills may be needed.

Department of Public Health and Human Services

1. The department currently has requests for HB 2 decision packages that may reduce the waiting lists at the detention center.
2. The Behavioral Health Systems for Future Generations (BHSFG) fund was established to expand intensive and community-based behavioral health and developmental services across Montana.
3. The bill lists the minimum daily per-inmate provider rate as \$82.00, which could change depending on the passage of other legislation.
4. The language in Section 2(2) is could be interpreted to mean that the 135% rate only applies to counties which contain a private correctional facility housing more than 500 state inmates. Amendments to provide clarification may be needed.



Sponsor's Initials



Date



Budget Director's Initials

4/22/2025

Date