

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Appropriations

BILL: CS/SB 540

INTRODUCER: Appropriations Committee and Senator Evers

SUBJECT: State-Operated Institutions Inmate Welfare Trust Fund/Department of Corrections

DATE: March 20, 2015 **REVISED:** _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Sumner</u>	<u>Cannon</u>	<u>CJ</u>	Favorable
2.	<u>Clodfelter</u>	<u>Sadberry</u>	<u>ACJ</u>	Recommend: Favorable
3.	<u>Clodfelter</u>	<u>Kynoch</u>	<u>AP</u>	Fav/CS

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Technical Changes

I. Summary:

CS/SB 540 creates the State-Operated Institutions Inmate Welfare Trust Fund (Trust Fund) within the Department of Corrections (department). The purpose of the new Trust Fund is for the benefit and welfare of inmates incarcerated in state-operated correctional facilities. In accordance with s. 19(f)(2), Art. III of the State Constitution, the Trust Fund will be terminated on July 1, 2019, unless terminated sooner or renewed.

This bill does not have a fiscal impact in and of itself. However, CS/SB 7020 includes language providing that the new Trust Fund will be funded with revenues from inmate canteens, inmate telephone commissions, and certain other revenue sources that are currently deposited in the General Revenue Fund. That bill limits deposits into the Trust Fund to five million dollars in any fiscal year, with revenues above five million dollars going into the General Revenue Fund.

In Fiscal Year 2012-2013, \$36,612,958 was collected and deposited into the General Revenue Fund from inmate canteens, inmate telephone commissions and certain other revenue sources. In Fiscal Year 2013-2014, \$37,383,280 was collected and deposited in the General Revenue Fund from these same sources.

The bill is contingent upon CS/SB 7020 becoming law and will be effective upon the same date.

II. Present Situation:

Inmate Welfare Trust Funds for Public Correctional Facilities

From 1979 until 2003, s. 945.215, F.S., provided for a trust fund that allowed the department to use revenue from the purchase of inmate canteen items and from inmate telephone calls to fund chapels, education, and wellness programs at publically operated correctional facilities. The source of the revenue was from family and friends of the inmate. Chapter 2003-179, Laws of Florida, eliminated the former trust fund for public correctional facilities and required the revenue from inmate canteens and telephone usage to go directly into the General Revenue Fund.

According to a January 15, 2015, Auditor General audit of the department’s canteen operations (which are outsourced to Keefe Commissary Network, LLC), from July 2012 through February 2014 sales in department institution canteens totaled approximately \$133.31 million and catalog sales totaled \$868,474. In addition, the department received MP3 music program commissions from Keefe totaling \$940,412 relating to MP3 music program sales of approximately \$5.99 million. The department’s contract with Keefe expires March 31, 2015.

Canteens operate on a cashless system. Inmates use photo identification cards like bank debit cards. Inmates may make purchases on a weekly basis not to exceed \$100.¹ MP3 sales and catalog items do not count toward the purchase limit.

The chart below shows the department’s revenue collections from funding sources for the Inmate Welfare Trust Fund before s. 945.215, F.S., was amended to direct those revenues to the General Revenue Fund:

REVENUE COLLECTION SUMMARY PREVIOUS INMATE WELFARE TRUST FUND SOURCES FY 2009-2010 – FY 2013-2014						
Description	Authorizing Statute	Fiscal Year 2009-2010	Fiscal Year 2010-2011	Fiscal Year 2011-2012	Fiscal Year 2012-2013	Fiscal Year 2013-2014
General Revenue Unallocated (GRU) Collections (funding sources for previous IWTF):						
Canteen Commissions ²	s. 945.215(1)(a) FS	31,382,837	31,162,387	30,970,697	30,907,621	31,027,325
Telephone Commissions	s. 945.215(1)(b) FS	5,294,749	5,205,804	5,156,269	5,334,549	6,142,399
Vending Commissions	s. 945.215(1)(a) FS	250,234	343,096	357,371	369,591	212,345
ITF Balances <\$1.00	s. 944.516(5) FS	1,367	1,194	1,219	1,197	1,211
Total GR Deposits		\$36,930,554	\$36,712,481	\$36,485,556	\$36,612,958	\$37,383,280

Inmate Welfare Trust Fund for Privately Operated Institutions

An Inmate Welfare Trust Fund for private correctional facilities created in 1998 continues to operate.³ This trust fund is for the benefit and welfare of inmates incarcerated in private correctional facilities under contract with the Department of Management Services (DMS). Net proceeds from inmate canteens, vending machines used primarily by inmates, telephone commissions, and other similar sources of proceeds are deposited in the fund. The DMS compiles an annual report documenting the receipts and expenditures at each private facility. For Fiscal Year 2013-2014, the DMS reported total revenues of \$3,252,201.41. The total

¹ Rule 33-203.101, F.A.C.

² Canteen commissions include MP3 music program sales.

³ s. 944.72, F.S.

expenditures for vocational programs, canine detection training programs, and community service programs was \$1,014,038.88.

III. Effect of Proposed Changes:

The bill creates the State-Operated Institutions Inmate Welfare Trust Fund within the Department of Corrections. The language of the bill closely mirrors the language that was in s. 945.215, F.S., when the former trust fund was originally created. The purpose of the new Trust Fund is for the benefit and welfare of inmates incarcerated in state-operated correctional facilities. The new Trust Fund will terminate on July 1, 2019, unless terminated sooner.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

CS/SB 540 does not have a fiscal impact in and of itself. However, CS/SB 7020 includes language providing that the Trust Fund will be funded with revenues from inmate canteens, inmate telephone commissions, and certain other revenue sources that are currently deposited in the General Revenue Fund. That bill limits deposits into the Trust Fund to five million dollars in any fiscal year, with revenues above five million dollars going into the General Revenue Fund.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill creates section 944.73 of the Florida Statutes.

IX. Additional Information:**A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Appropriations on March 18, 2015:

The CS corrects a technical error by removing language in the bill that would have permitted the balance of the trust fund to have remained in the trust fund at the end of each fiscal year.

B. Amendments:

None.