



NORTH CAROLINA GENERAL ASSEMBLY

Session 2021

Legislative Incarceration Fiscal Note

Short Title: Prohibit Possession of Skimming Device.
Bill Number: House Bill 238 (First Edition)
Sponsor(s): Representative Torbett

SUMMARY TABLE

CHARGES

| | <i>Charge</i> | <i>Cost per Charge</i> | <i>Cost of Staff</i> | <i>Equivalence</i> |
|-------------------------------------|----------------|--------------------------------------|------------------------|-------------------------------------|
| Administrative Office of the Courts | Class I Felony | \$607 | Deputy Clerk: \$54,532 | 90 new charges = 1 new Deputy Clerk |
| Office of Indigent Defense Services | | Percent of cases handled by IDS: 68% | | Increased cost to PAC Fund: \$396 |

CONVICTIONS – ACTIVE SENTENCE

| | <i>Charge</i> | <i>Avg. Active</i> | <i>Cost per Conviction</i> | <i>Cost of Staff</i> | <i>Equivalence</i> |
|-----------------------------|----------------|--------------------|-----------------------------------|--|----------------------------|
| DPS – Prisons | Class I Felony | 15% | Custody: \$3,870 | Correction Officer I: \$49,173 | 13 new charges = 1 new CO |
| DPS – Community Corrections | | | Post-Release Supervision: \$1,530 | Probation Parole Officer (PPO): \$53,760 | 35 new charges = 1 new PPO |

CONVICTIONS – SUSPENDED SENTENCE

| | <i>Charge</i> | <i>Avg. Probation</i> | <i>Cost per Conviction</i> | <i>Cost of Staff</i> | <i>Equivalence</i> |
|-----------------------------|----------------|-----------------------|----------------------------|----------------------|----------------------------|
| DPS – Community Corrections | Class I Felony | 85% | Supervision: \$3,740 | PPO: \$53,760 | 14 new charges = 1 new PPO |

* All costs annualized

FISCAL IMPACT SUMMARY

There are three types of changes to offenses: new offenses, change to offense class, or change to the scope of the offense. Section 2 of the proposed bill includes a change to the scope of a Class I offense. Specifically, section 2 amends G.S. 14-113.9, Financial transaction card theft, by adding a new subdivision making it a violation for a person to knowingly possess, sell, or deliver a skimming device. Financial transaction card theft is a Class I felony pursuant to G.S. 14-113.17(b). The criminal offense modifications in the proposed bill may have a fiscal impact on the judicial and correction systems. However, due to a lack of sufficient historical data on this offense or similar offenses, the Fiscal Research Division (FRD) is unable to provide a reasonable estimate of the total fiscal impact. Each additional person charged with this crime will have a cost to the judicial system and each

additional person convicted will have a cost to the correction system. All costs in the tables above have been annualized. Offense changes are typically effective on December 1. FRD assumes that costs incurred in the first year to the judicial and correction systems would be less than annualized costs due to lag time in charges and convictions.

The addition of a new subdivision within G.S. 14-113.9 expands the scope of Financial Card Theft and may increase the charges and convictions related to this offense.

| Offense | Class | Definition | Charges, CY 2020 | Convictions, FY 2019-20 |
|---------------|---------|----------------------|------------------|-------------------------|
| G.S. 14-113.9 | Class I | Financial Card Theft | 1,498 | 83 |

FISCAL IMPACT OF H.B.238, V.1

| | <u>FY 2021-22</u> | <u>FY 2022-23</u> | <u>FY 2023-24</u> | <u>FY 2024-25</u> | <u>FY 2025-26</u> |
|----------------------------|---|-------------------|-------------------|-------------------|-------------------|
| State Impact | | | | | |
| General Fund Revenue | - | - | - | - | - |
| Less Expenditures | - | - | - | - | - |
| General Fund Impact | No Estimate Available - Refer to Fiscal Analysis section | | | | |

| | |
|-------------------------|---|
| NET STATE IMPACT | No Estimate Available - Refer to Fiscal Analysis section |
|-------------------------|---|

FISCAL ANALYSIS

General

The Sentencing and Policy Advisory Commission (SPAC) prepares prison population projections for each bill containing a criminal penalty. SPAC assumes that expanding existing or creating new criminal offenses produces no deterrent or incapacitative effect on crime rates. Likewise, FRD assumes no deterrent effects for any modifications to criminal penalties. The estimates in this Incarceration Note make no assumptions about the larger impact on crime rates or costs to society or the State.

There are three types of changes to offenses: new offenses, change to offense class, or change to the scope of the offense which may lead to an increase or decrease in the number of offenders charged. FRD assumes that new offenses and changes to an offense's scope will have no historical data upon which to estimate the number of charges or convictions that might occur. FRD assumes that a change in offense class may have an unknown effect on charge or conviction numbers. To that end, FRD estimates the average cost to the judicial and correction systems for one additional charge or conviction.

Judicial Branch

The Administrative Office of the Courts (AOC) provides FRD with a fiscal impact analysis for most criminal penalty bills. Fiscal impact is typically based on the assumption that court time will increase due to anticipated increases in charges and corresponding increases in workload for judges, clerks, and prosecutors. This increased court time is also expected to result in greater expenditures for jury fees and indigent defense.

Section 2 of the bill increases the scope of a Class I felony offense. Based on the AOC estimate of the average cost to the court for a charge by offense class, the average cost to the court for every additional person charged with a Class I felony would be \$607. Because the annual cost of a deputy clerk is \$54,532, FRD finds that 90 charges of the expanded offense would be equivalent to increasing the workload need of the court system by one deputy clerk.

The Office of Indigent Defense Services (IDS) provides Fiscal Research with the frequency and cost of indigent defense services for each level of crime, including the cost differentials for district and superior court with and without a trial and the percentage of cases handled in each category. Fiscal Research uses this data to calculate a weighted average of IDS costs for each class of offense. This estimate assumes the appointment of a Private Assigned Counsel (PAC) attorney. In districts that have Public Defender (PD) offices, cases may be handled by those offices. In those instances, this cost may not be incurred, but the PD office may experience costs in terms of greater workload.

In an average based on three years of fiscal data from FY 2016-17 to FY 2018-19, IDS handled 68% of Class I felony cases. The weighted average cost of a new Class I felony is \$396 per case for a PAC attorney.

Department of Public Safety – Prisons

This bill increases the scope of a Class I felony offense. Based on the most recent population projections and estimated bed capacity, the Prisons division will have surplus prison beds available for the five-year fiscal note horizon and beyond. Therefore, no additional prison beds will be required from the changes in this bill. SPAC provides a threshold analysis when it is not known how many offenders might be convicted and sentenced as a result of the proposed change. For each offense class, the threshold estimate is the number of convictions that result in the need for one prison bed in the first year.

In FY 2019-20, 15% of Class I felony convictions resulted in active sentences, with an average estimated time served of 6 months. The following table shows the estimated annual impact if there were 10 convictions (the threshold) or 20 convictions for this proposed offense per year. The five-year estimate takes into account the combination of active sentences and probation and post-release supervision violations resulting in confinement, as well as growth rates adopted by the Sentencing Commission’s Forecasting Technical Advisory Group.

| Estimated Prison Bed Impact Using Threshold Convictions and 20 Convictions Class I Felony | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|
| Convictions | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| 10 (Threshold) | 1 | 3 | 3 | 3 | 3 |
| 20 | 2 | 5 | 5 | 5 | 5 |

In addition to the capital costs that may be associated with additional bed needs, there are also per diem costs for housing inmates. The cost to add one additional inmate to the prison system based on FY 2019-20 expenditures is \$21.22 per day, or \$645 per month, which includes the cost of food, clothing, and health care. In FY 2019-20, 15% of Class I felony offenders received active sentences averaging 6 months. For every additional Class I felony offender receiving an active sentence, the cost to the prison section will be \$3,870 (\$645 monthly cost times 6 months).

Department of Public Safety – Community Corrections

All felony offenders may be given exclusively active or suspended sentences or suspended in conjunction with imprisonment (split-sentence). Under S.L. 2011-192, the Justice Reinvestment Act (JRA), both community and intermediate probation may include sanctions such as electronic monitoring, short-term periods of confinement, community service, substance abuse assessment, monitoring, and treatment, or participation in educational programs or vocational skills development. Whether a probationer is subject to more stringent conditions is determined by the results of a risk-needs assessment administered by the Department of Public Safety.

Active Sentence

All active sentences for felony offenses result in a minimum of nine months of post-release supervision (PRS) for F-I level offenses. All types of PRS are supervised by the Community Corrections Section (CCS). Based on FY 2019-20 expenditures, supervision by a probation officer costs \$170 per offender per month; no cost is assumed for those receiving unsupervised probation or who are only ordered to pay fines, fees, or restitution. Total costs are based on average supervision length and the percentage of offenders (per offense class) sentenced to active sentences requiring post-release supervision and supervised probation. For every additional Class I felony offender receiving an active sentence, the cost to CCS of nine months of PRS is \$1,530 per offender (\$170 per month times 9 months).

Suspended Sentence

CCS also oversees probation. In FY 2019-20, 85% of Class I felony offenders received suspended sentences. The average length of probation imposed for this offense class was 22 months. For every additional Class I felony offender receiving a non-active sentence, the average cost to CCS would be \$3,740 (\$170 per month times 22 months). Because the annual cost of a probation parole officer (PPO) is \$53,760, FRD finds that 14 convictions of this expanded offense resulting in a suspended sentence would be equivalent to increasing the workload need of the Community Corrections Section by one PPO.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

Department of Public Safety; Administrative Office of the Courts; North Carolina Sentencing and Policy Advisory Commission; Office of Indigent Defense Services.

LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION

Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

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Signed copy located in the NCGA Principal Clerk's Offices