

CORRECTIONS IMPACT STATEMENT

SESSION: 26RS BILL #: HB 557

Introduced

BR #: 1155

BILL SPONSOR(S): Rep. M. Meredith

AMENDMENT SPONSOR(S):

TITLE: AN ACT relating to correctional services.

SUMMARY OF LEGISLATION: Amend KRS 441.005 to define "restricted custody center" and make technical changes; create new sections of KRS Chapter 441 to require the Department of Corrections to promulgate administrative regulations providing the minimum standards for holdover facilities; require the Department of Corrections to contract with a fiscal court of a county or local or regional correctional authority to provide correctional services to state prisoners; allow prisoners being held for a nonviolent or nonsexual misdemeanor conviction to be housed in a restricted custody center; require jailers to get permission from the Department of Corrections before transferring a Class C or Class D felon to another jail unless required by statute or an emergency exists; establish the regional jail authority construction fund, and establish requirements for the Department of Corrections to submit a list of regional jail construction projects to the Legislative Research Commission; establish the regional jail conversion fund and establish requirements for receiving grant funds; amend KRS 431.215 to require the Commonwealth to pay a county a fee per day based on the county's actual costs to house prisoners for the time the prisoner was held before a conviction if the sentence the prisoner receives in whole or in part includes the amount of time served prior to judgment; amend KRS 441.025 to allow counties to contract with the Department of Corrections to house state prisoners and operate holdover facilities; amend KRS 441.045 to require the Commonwealth to pay counties for the costs of providing health services to prisoners the county is responsible for; amend KRS 441.420 to require the Department of Corrections to pay for architectural plans and engineering services associated with any tentatively approved construction of a local correctional facility; amend KRS 441.430 to allow a regional jail authority to receive tentative approval for new regional jail construction; amend KRS 441.520 to specify the rate that a jail that receives a transferred inmate can charge the originating jail; amend KRS 441.810 to require that the jailer of each county within a regional jail authority be a member of the board; amend various sections to conform.

AMENDMENT:

This bill amendment committee substitute is expected to:

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| <input checked="" type="checkbox"/> Have the following Corrections impact | <input type="checkbox"/> Have no Corrections impact. |
| <input type="checkbox"/> Creates new crime(s) | <input type="checkbox"/> Repeals existing crime(s) |
| <input type="checkbox"/> Increases penalty for existing crime(s) | <input type="checkbox"/> Decreases penalty for existing crime(s) |
| <input type="checkbox"/> Increases incarceration | <input type="checkbox"/> Decreases incarceration. |
| <input type="checkbox"/> Reduces inmate/offender services | <input type="checkbox"/> Increases inmate/offender services. |
| <input checked="" type="checkbox"/> Increases staff time or positions | <input type="checkbox"/> Reduces staff time or positions. |
| <input type="checkbox"/> Changes elements of the offense for existing crime(s) | |
| <input type="checkbox"/> Otherwise impacts incarceration (Explain): | |

STATE IMPACT: Class A, B, & C felonies are based on an average daily prison rate of \$116.41. Community Custody Class C and most Class D felons are housed in one of seventy-four (74) full-service or regional jails for up to five (5) years. Department of Corrections cost to incarcerate a felony inmate in jail is \$46.51 per day, which includes \$35.34 per diem, medical costs, and central office administrative costs (substance abuse treatment not included).*

Projected Impact: NONE MINIMAL to MODERATE (< \$1 million) SIGNIFICANT (> \$1 million)

The legislation would likely result in a significant increase in operational costs for the Department of Corrections due to changes in the process of housing state inmates in jail facilities, as well as the need to establish and administer new contracts and related administrative services.

Currently, DOC estimates that this bill would result in an impact of at least \$145 million due to increased jail reimbursements and payments to jail for presentencing time. This is in addition to any increases to medical contract costs and costs related to proposed jail design plans. Additional ongoing staffing costs are estimated at \$535,000 annually, and one-time implementation costs are estimated to be \$85,000.

Section 2: Designation of holdover facilities could impact the number of beds available to house state prisoners, potentially limiting placement options and affecting statewide population management.

Section 3: Facilities operating under contract are subject to additional federal and state requirements applicable to contracted institutions. As a result, the Department would need to ensure compliance with all applicable standards and oversight provisions associated with contracted facilities. This includes, but is not limited to, compliance with Prison Rape Elimination Act (PREA) standards, educational programming requirements, and other operational and regulatory obligations that differ from those applicable to non-contracted facilities.

Rather than the per diem rates that are required now, this bill requires reimbursement of inmate costs to jails to be based on actual jail costs, including routine medical, dental, and psychological care. DOC does not have access to actual jail cost data, but it estimates an average cost of approximately \$60 per inmate per day. Based on approximately 7,000 state inmates in jail per day, and an estimate cost of \$60 per inmate per day, this would equate to \$153 million, or an increase of approximately \$64 million annually, compared to current jail per diem costs.

This section also modifies staff training requirements. Under KRS 441.115, DOC currently bears responsibility for jail training. Additional training provisions could increase DOC training-related operational impacts. Training costs are currently reimbursed at approximately \$300 per month per jailer.

DOC, in coordination with the Finance & Administration Cabinet, would be required to develop an audit and compliance system, negotiate contracts, and ensure ongoing contract compliance. This would require the development of a new audit tool and additional administrative staff, including a Budget Specialist II (Grade 15) position, estimated to cost \$77,000 annually.

Section 5: Proper oversight of the population management would require the creation of a new Justice Program Administrator position (Grade 15), estimated to cost \$77,000 annually. Additionally, new Kentucky Offender Management System (KOMS) transfer forms and functionality would be necessary, with an estimated one-time cost of \$65,000.

Section 6 and Section 7: Establishing the Regional Jail Authority Construction Fund and the Regional Jail Conversion Fund would require additional staffing within DOC Administrative Services, including a Procurement Agent II (Grade 15) and a Budget Specialist II (Grade 15), estimated to cost \$77,000 annually per employee, to manage increased fiscal oversight, payments, and compliance responsibilities. Additional staff would also be needed for oversight of Local Facilities, a function previously supported by a Jail Consultant (Grade 15), estimated to cost \$77,000 annually.

Section 8: Payments to jails would begin on the date of judgment, or from the arrest date when pre-sentence credit applies. Based on FY25 data, approximately 2,303,868 days of county jail credit were awarded, resulting in an estimated annual fiscal impact of approximately \$81.4 million. The bill would also require modifications to KOMS to incorporate new requirements for jail invoices and report needs, with an estimated one-time implementation cost of \$20,000.

Section 10: The state would assume responsibility for maintenance medications, non-routine medical, dental, and psychological care, and diagnostic services for state prisoners housed in jails. This is likely to result in increased medical costs for DOC and may require contract changes with DOC's medical and pharmacy providers. For reference, the average total pharmaceutical cost per inmate in state prisons during the last fiscal year was \$1,858.

Section 11: DOC would be responsible for the cost of architectural and engineering plans for new jail construction. Under the proposed changes, DOC would pay for tentatively approved plans rather than only fully approved plans. While this requirement exists in statute, it is typically suspended in each budget bill. The estimated fiscal impact is approximately \$3 million to \$5 million per proposed jail.

This bill creates a need for an additional attorney within JPSC Office of Legal Services to oversee contract negotiations and drafting and any resulting litigation, as well as to create and implement funds outlined, estimated to cost \$150,000 annually.

Cost to Incarcerate can be found on corrections.ky.gov/public-information. The salary amounts provided are based on the Personnel Cabinet's salary schedule, in addition to taxes and retirement contributions.

LOCAL IMPACT: Local governments are responsible for the cost of incarcerating individuals charged with Class A or B misdemeanors and felony defendants until the disposition of the case. The estimated impact will be based on the \$46.51 cost to incarcerate for the Department of Corrections, including \$35.34 per diem and medical that DOC pays jails to house felony offenders. This cost to incarcerate may not be the actual housing cost for the jail.*

Projected Impact: NONE MINIMAL to MODERATE (< \$1 million) SIGNIFICANT (> \$1 million)

The legislation's impact at the local level is unknown due to changes in the process of housing state inmates in jail facilities, as well as the need to establish new contracts.

Section 2: Contracted bed space for state prisoners in local or regional jails could reduce available bed space for county inmates.

Section 3: Facilities operating under contract are subject to additional federal and state requirements applicable to contracted institutions. As a result, the Department would need to ensure compliance with all applicable standards and oversight provisions associated with contracted facilities. This includes, but is not limited to, compliance with Prison Rape Elimination Act (PREA) standards, educational programming requirements, and other operational and regulatory obligations that differ from those applicable to non-contracted facilities. The bill adds a requirement for daily availability of medical and mental health services. Currently, daily coverage is not required.

Section 8: Local jails would be required to submit detailed financial documentation to substantiate actual per diem costs. Smaller counties may experience disproportionate administrative burden due to limited existing fiscal capacity.

PROJECTED IMPACT FROM AMENDMENTS: NONE MINIMAL to MODERATE (< \$1 million) SIGNIFICANT (> \$1 million)

**All projections are based on the daily rate x 365 days x number of years. The cost to incarcerate as calculated by the Department is shown here as rounded to the hundredths. Offenders may have multiple offenses or be incarcerated on other charges unless otherwise noted. Unless otherwise noted, numbers will include inchoate offenses at the underlying offense level.*

The following offices contributed to this Corrections Impact Statement:

Dept. of Corrections Dept. of Kentucky State Police Administrative Office of the Courts Parole Board Other

NOTE: Consideration should be given to the cumulative impact of all bills that increase the felon population, lengthen the term of incarceration, or impose new obligations on state or local governments.

APPROVED BY: 
Commissioner, Kentucky Department of Corrections

3/19/2026
Date