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: Professional Staff of the Committee on Appropriations

BILL:	SPB 2512
INTRODUCER:	For consideration by the Appropriations Committee
SUBJECT:	Correctional Facilities Capital Improvement
DATE:	January 30, 2024 REVISED:

ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
Harkness	Sadberry		**Pre-meeting**

I. Summary:

SPB 2512 appropriates, beginning in Fiscal Year 2024-25, and each fiscal year thereafter until Fiscal Year 2054-55, the sum of $100 million from the General Revenue Fund and directs the Chief Financial Officer to annually transfer these funds to the Correctional Facilities Capital Improvement Trust Fund to be used to address the Department of Corrections' (DOC) critical capital outlay needs.

The bill also prioritizes the use of the funds and authorizes the Division of Bond Finance to issue bonds to finance the cost of constructing new correctional facilities or expanding existing correctional facilities.

The bill also creates a financing oversight committee to recommend the most effective financing methods to meet the department's facility needs.

The bill takes effect the same date that SPB 2510, Correctional Facilities Capital Improvement Trust Fund, or similar legislation takes effect, if such legislation is adopted in the same legislative session or an extension thereof and becomes a law.

II. Present Situation:

The DOC is the largest state agency in Florida and the third largest state prison system in the country. The DOC employs nearly 24,000 members, incarcerates over 80,000 inmates, and supervises more than 146,000 offenders in the community. The DOC has 128 facilities statewide including 50 major institutions.[1] DOC's facilities constitute 22 million square feet, which include institutions, annexes, work camps, reentry centers, road prisons, and state-owned work release centers.[2]

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[1] Department of Corrections, *Institutions*, available at https://fdc.myflorida.com/ci/index.html (Last visited Jan. 11, 2024).

[2] Final Multi-Year Master Plan (FAR-D16), *Charting a Path to a Safer, More Efficient Correctional System*, KPMG, December 27, 2023.

Department of Corrections Master Plan

The Fiscal Year 2022-2023 General Appropriations Act directed the Department of Management Services to contract with an independent third-party consulting firm to conduct a review of state-operated correctional institutions, as defined in s. 944.02, F.S., and develop a multi-year master plan ("master plan") that addressed the repair, maintenance, or replacement of state-operated institutions in the prison system. The master plan was required to identify appropriate specifications necessary for safe, secure, cost effective and efficient correctional institutions, including facilities for inmate health care, substance abuse and mental health treatment, other special needs, and education, consistent with appropriate correctional standards.[3]

The master plan also was required to include a comprehensive review of the physical plant needs of the department using those specifications, including associated staffing needs, and must prioritize identified facility needs, based on the immediacy of the issues. The master plan was required to identify:

- Each institution, by facility type, capacity, age of facilities, staffing needs, and historical officer vacancy rates;
- Each institution's location and proximity to others within the geographic region;
- The local labor pool and availability of workforce for staffing each institution;
- Estimated costs for the continued ongoing maintenance and upkeep needs of each institution; and
- A prioritized list of potential locations in the state for new prison construction, with estimated costs. The location recommendations must focus on areas of the state with a population level that will provide a sufficient labor pool for staffing a correctional institution.

The Department of Management Services selected KPMG as the vendor to complete the master plan and the final report was issued on December 27, 2023.

KPMG's Master Plan Findings

The master plan addressed key issues facing the department over the 20-year planning horizon and concluded:

- The forecasted inmate population is growing and could surpass total prison capacity over the next two fiscal years if no action is taken.
- The department has immediate modernization needs related to its prison infrastructure. Over one third of DOC facilities were assessed to be in "critical" or "poor" condition.
- The department has faced persistent staff vacancies. The department has experienced persistent staff vacancies and turnover, particularly in north Florida, as the department attempts to compete with the private sector and local governments offering higher salaries. Twenty major institutions had vacancy rates of over 24 percent in September 2023.
- As a result of its capacity, infrastructure, and staffing issues, the department's officers and inmates face safety and security risks.

[3] Specific Appropriation 2781A, Chapter 2022-156, Laws of Florida.

Physical Assessment Findings

The master plan offers detailed information on the condition, functionality, maintenance, improvement needs, and estimated costs for ongoing maintenance of each correctional facility. All observable physical plant components and systems at all 153 sites were assessed during the review, which constitutes 3,189 buildings and 22.4 million square feet.

The systems and components reviewed include the building envelope (e.g., roofs and foundations), interior finishes, security, plumbing, HVAC, electrical, accessibility, and surveillance. Wastewater systems, food and laundry services, communications and the condition of recreation yards were also reviewed. A condition assessment score was generated for each site and placed into one of five condition rating groups - Excellent, Good, Fair, Poor, and Critical – based on the percentage of overall capital maintenance needs that constituted a high level of immediacy. The report concluded that 37.1 percent of the total square footage of the department's facilities, approximately 7,900,000 square feet, was assessed as either "Poor" or "Critical".

Capital Costs Summary

The report estimated that the department's estimated capital costs over the next 20 years is approximately $11.8 billion. This estimate is comprised of three main cost drivers:

- Immediate Capital Needs: The report concluded that approximately $2.1 billion is needed to address immediate capital needs across the department, maintain existing infrastructure, and continue the provision of essential services. These needs include, for example, electrical distribution and panel boards, plumbing fixtures, and finishes, windows, and roofs.
- Key Enablers: The report identified another $1.3 billion in key enablers, which play a role in contributing to a more secure, efficient, and cost-effective correctional system. These enablers include HVAC, LAN fiber connectivity, WAN fiber connectivity, and camera systems.
- New Construction Costs: Finally, to address the projected increase in the prison population coupled with staffing recruitment and retention challenges, the department will need new dorms at existing facilities, staff housing, new prisons and new hospitals estimated to cost $8.4 billion. These costs include three new prisons (14,400 beds), two new hospitals (900 beds), and 4,640 beds in new dorms at existing sites.[4]

Bond Financing in Corrections

The State Bond Act authorizes the Division of Bond Finance of the State Board of Administration to provide the financial, legal, and marketing services necessary for the issuance and sale of bonds.[5] Section 215.64 (2), F.S., authorizes the division to issue any bonds of the state heretofore or hereafter authorized by law or by the State Constitution, and to issue bonds on behalf of any state agency heretofore or hereafter authorized by law upon application of such state agency. Such bonds issued on behalf of a state agency may be issued in the name of the State of Florida, or in the sole name of such state agency if required by law.

[4] Final Multi-Year Master Plan (FAR-D16), *Charting a Path to a Safer, More Efficient Correctional System*, KPMG, December 27, 2023.

[5] Sections 215.57 - 215.83, F.S.

In the Fiscal Year 2023-2024 General Appropriations Act, Specific Appropriation 694 provided $50,961,476 for payments under the master lease purchase agreement used to secure the certificates of participation issued to finance or refinance eight correctional facilities as well as other department facilities, such as work camps and reentry centers.

III. Effect of Proposed Changes:

The bill creates s. 944.571, F.S., which establishes a funding mechanism to address the critical fixed capital outlay needs of the Department of Corrections. Beginning in Fiscal Year 2024-25, and each fiscal year thereafter until Fiscal Year 2054-55, the Chief Financial Officer shall transfer the sum of $100 million from the General Revenue Fund to the Correctional Facilities Capital Improvement Trust Fund.[6] Any proceeds from the sale of bonds pursuant to this section, less the costs of issuance or other costs, must be deposited into the trust fund. The bill authorizes the Division of Bond Finance to issue bonds to finance the cost of constructing new correctional facilities or expanding existing ones and bonds issued pursuant to this section are payable from the funds appropriated to the trust fund.

Amounts available to fund capital outlay needs must be used in the following order: 1) funds for the payment of debt service or funding of debt service reserves, rebate obligations, or other amounts associated with bonds issued pursuant to this section; and 2) critical facility needs including the construction of new facilities or maintenance and repair of existing facilities.

Each year in its Legislative Budget Request, the department shall make a recommendation on the use of the funds. For any project over $5 million approved by the Legislature, the department shall contract with a construction management entity for the design and construction of the project.

The bill also creates a financing oversight committee to ensure that funds are spent in an effective and responsible manner. The committee must include a representative from the Senate, House of Representatives, the Governor’s Office of Policy and Budget, the department and the Division of Bond Financing.

The bill takes effect on the same date that SPB 2510, Correctional Facilities Capital Improvement Trust Fund, or similar legislation takes effect, if such legislation is adopted in the same legislative session or an extension thereof and becomes a law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

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[6] SPB 2510 (2024 Reg. Session)

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

Beginning in Fiscal Year 2024-2025, the bill has a negative fiscal impact of $100 million from the General Revenue Fund each fiscal year until Fiscal Year 2054-2055, for a total fiscal impact of $3 billion.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill creates section 944.751 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.)

None.

B. Amendments:

None.