

Report of the Dues Formula Ad Hoc Committee
April 21, 2011

Mr. Chairman:

The purpose of this report is to provide an overview of the accomplishments and findings of the Dues Formula Ad Hoc Committee. The committee met several times over the past year. The meetings brought forth many good ideas and the discussion was lively and thoughtful.

Over the past year the committee made several recommendations relative to the dues assessment charged to states pursuant to the Interstate Compact for Adult Offender Supervision. The first of these was the recommendation that the Commission utilize population data from the 2010 United States Census in calculating each states dues ratio. Secondly, the committee recommended that data from the ICOTS information system be used to determine offender numbers for each state in calculating the dues ratio. Once this data is obtained it was recommended the tier structure be reviewed and adjusted in a manner consistent with the purposes of the compact. All of these recommendations were adopted and have been enacted by the ICAOS Executive Committee.

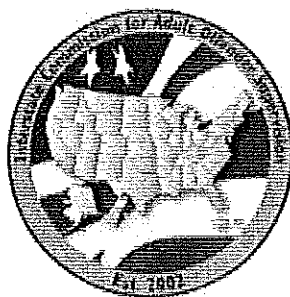
Consensus among members of the Dues Formula Ad Hoc Committee regarding further changes to the compact dues formula was more difficult to achieve. There were several proposals that were brought forward for discussion. The first was to leave the dues formula unchanged. A second possibility was to develop a dues formula based on outgoing offender transfers. A third suggestion was to allow the National Office to collect fees from offenders for the privilege of transferring under the compact. A proposal calling for a dues structure based upon outgoing transfer submitted by Commissioner Gary Tullock (TN) is attached for your review. The idea of allowing the National Office to collect fees from offenders would need additional research relative to the legal issues involved before a specific proposal could be developed.

Thanks are due the members of the Dues Formula Ad Hoc Committee. They are:

Wayne Theriault, Maine
Gary Tullock, Tennessee
Michelle Buscher, Illinois
Kathie Winckler, Texas
Arline Swan, Virgin Islands
Jim Ingle, Utah
Milt Gilliam, Oklahoma

Respectfully Submitted,

Charles R. Lauterbach, Iowa, Chair, Dues Formula Ad Hoc Committee



Proposal For Dues Formula
Annual Business Meeting 2011

The current dues formula separates Commission members into six tiers of dues. The current formula is:

$(\text{Population of the state} / \text{Population of the US}) + (\text{number of offenders sent from} + \text{received by a state} / \text{Total number of offenders sent from and received by all states} / 2$

This formula has at least three flaws:

- The use of the state population and the overall US population, while mandated by law to be taken into “consideration” does not impact the cost of ICAOS in any meaningful way.
- Another is that it counts an individual offender twice, once for leaving a state and again when entering a state. There is no logical reason to count one offender twice since he cannot leave one state without entering another.
- The last is that the tiers are overly broad so that one state (Wisconsin) with a dues ratio almost 3 ½ times the size of another in the same tier (Alaska) pays the same dues amount. Other tiers have dues ratio spreads of 1.9 and 1.6 between the highest and lowest states.

My proposal is to establish a formula that corrects all three of these errors.

- The Commission would take note, by vote of the membership, that state population does not establish a direct correlation in the cost of doing ICAOS business and that this fact has been considered and rejected in the establishment of a new dues formula.
- We would agree that the dues formula would count cases that transfer out only rather than double count them.
- That the new dues formula would be established to set individual dues amounts based on the state’s use of ICAOS rather than congregating states into broad categories of fees.

Under the above conditions the formula would be:

Step 1- Establish a “Cost per transfer”. That would be found by taking the total ICAOS budget for the upcoming year as voted on by the membership divided by the total number of transfers in the preceding year (total transfer requests could be used). This would establish the cost per transfer. Using the last complete year’s data available at present that would be \$26.43.

Step 2- Multiply the number of transfers (Or requests) times the cost per transfer and that would be the dues for that state.

One issue with this formula is that it blends some costs that are not directly related to a transfer into a general cost amount. The best example of that would be the cost of an advisory opinion. Not every state asks for one each year but every state would share the cost under this plan, however, even in the current formula we do the same thing. Our dues pay for all advisory opinions whether we request them or not but factually, we all benefit from the opinions either directly or indirectly. The same can be said for training and most other general activities of the Commission. The bottom line though is that with ICAOS, nothing happens until someone asks to transfer and that is where the work of the Commission is generated and should be where the dues formula is generated.

This formula was tested and it does make for some dramatic swings in the future dues of some states and in this economic climate that cannot be overlooked. Based on last year's data 19 states' dues would increase anywhere from \$1468.22 to \$63,373.53. But 34 states' dues would decrease anywhere from \$130.81 to \$20,505.30. Again, these numbers are for comparison and until we establish next year's budget and the transfer numbers they should be used as a guide for the discussion only. Hopefully, by the Annual Business Meeting and the presentation of this proposal we could have more current figures by which to judge the plan.

Finally, there will be those states with large increases that will recoil from this proposal and wonder if their state faced with this kind of increase will have problems with remaining in the Commission. I understand this response. Despite the fact that this is my suggested plan, my state's dues will increase over 9% but there is a solution to this cost increase and that is to make the transfer applicant bear the cost by assessing a transfer application fee of \$26.43 (under this example) for any application. In fact the fee should be slightly higher to accommodate those who cannot or will not pay. Those with fees now are probably using that fee to offset their dues already but establishing that your fee can be adjusted year to year, based on current dues would cover the added cost. The question might be raised that this would have a chilling effect on states using ICAOS since every transfer request would cost the state in dues but states must comply with ICAOS no matter what the cost and the rules allow for the offender to pay a fee.

This proposal, if passed would go into effect at the beginning of the following ICAOS fiscal year to give states time to respond to the changes.

State	Number of Transfers Out	Annual Commission Budget	Average Cost Per Offender	Dues Amount	Amount of Change
AL	1,079			\$28,520.99	-\$130.81
AK	124			\$3,277.67	-\$20,505.30
AZ	1,510			\$39,913.52	\$11,261.72
AR	1,255			\$33,173.16	\$4,521.36
CA	1,510			\$39,913.52	-\$12,805.79
CO	1,708			\$45,147.22	\$16,495.42
CT	599			\$15,833.24	-\$12,818.56
DE	362			\$9,568.67	-\$11,060.63
DC	244			\$6,449.60	-\$14,179.70
FL	3,737			\$98,779.36	\$54,082.55
GA	3,737			\$98,779.36	\$62,105.06
HI	154			\$4,070.65	-\$16,558.65
ID	570			\$15,066.69	-\$5,562.61
IL	1,946			\$51,438.22	\$6,741.41
IN	1,708			\$45,147.22	\$16,495.42
IA	634			\$16,758.39	-\$11,893.41
KS	1,280			\$33,833.98	\$5,182.18
KY	1,574			\$41,605.22	\$12,953.42
LA	1,599			\$42,266.04	\$13,614.24
ME	116			\$3,066.20	-\$17,563.10
MD	749			\$19,798.16	-\$16,876.14
MA	737			\$19,480.97	-\$9,170.83
MI	1,443			\$38,142.52	\$1,468.22
MN	1,378			\$36,424.39	\$7,772.59
MS	920			\$24,318.17	-\$4,333.63
MO	3,035			\$80,223.54	\$43,549.24
MT	411			\$10,863.88	-\$9,765.42
NE	289			\$7,639.08	-\$12,990.22
NV	725			\$19,163.78	-\$9,488.02
NH	340			\$8,987.15	-\$11,642.15
NJ	1,939			\$51,253.19	\$14,578.89
NM	613			\$16,203.30	-\$4,426.00
NY	1,290			\$34,098.31	-\$10,598.50
NC	790			\$20,881.91	-\$15,792.39
ND	328			\$8,669.96	-\$11,959.34
OH	1,333			\$35,234.92	-\$1,439.38
OK	853			\$22,547.17	-\$6,104.63
OR	1,028			\$27,172.91	-\$1,478.89
PA	2,038			\$53,870.04	\$17,195.74
PR	18			\$475.79	-\$20,153.51
RI	364			\$9,621.54	-\$11,007.76
SC	673			\$17,789.27	-\$10,862.53
SD	379			\$10,018.03	-\$10,611.27
TN	1,185			\$31,322.86	\$2,671.06
TX	4,392			\$116,092.84	\$63,373.53
VI	5			\$132.16	-\$10,182.49
UT	232			\$6,132.41	-\$14,496.89
VT	128			\$3,383.40	-\$17,245.90

VA	2,721			\$71,923.64	\$35,249.34
WA	596			\$15,753.95	-\$12,897.85
WV	295			\$7,797.67	-\$12,831.63
WI	1,553			\$41,050.13	\$12,398.33
WY	300			\$7,929.84	-\$12,699.46
Total	58,526	\$1,547,005.81	26.43	\$1,547,005.81	\$1,547,005.81