
MEMPHIS
FAST
FORWARD



2012

**State Legislative and
Policy Priorities**

Note: This document will be updated periodically

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Memphis Fast Forward State Legislative Agenda – 2012

Overview

This document presents the *Memphis Fast Forward* 2012 state legislative priorities. They represent those state investments, policies and legislative changes that are recommended and vetted by the respective board members and implementation partners of the Memphis Fast Forward initiatives **and endorsed by the Memphis Fast Forward Steering Committee.**

Summary of 2012 State Legislative Priorities

Education and Talent - *PeopleFirst!*

1. Fully fund Voluntary Pre-K for at-risk 4-year olds beginning with an incremental increase this year. (TBD)
2. Maintain the state teacher evaluation system. (No cost)
3. Create and fund the “Educate and Employ Act” to be piloted in previously federally designated Renewal Communities of Shelby and Hamilton Counties. (\$10 million)
4. Maintain current funding and eligibility criteria for Hope Scholarship. (No cost)

Jobs – *MemphisED/Memphis Shelby Growth Alliance*

1. Reform policies and procedures at the Tennessee Consolidated Retirement System to encourage investment in smaller, preferably TN-based, private equity firms. (Little to no cost)
2. Reduce the regulatory burden on small businesses by identifying and eliminating unnecessary requirements. (Little to no cost)
3. Continue growth of the UT-Baptist Research Park. (\$4 million)
4. Establish a \$5 Million Bond Fund for Minority Businesses in Shelby County. (\$5 million)

Safe Neighborhoods – *Operation: Safe Community*

1. Strengthen State sentencing laws for crimes involving guns. (TBD)
2. Strengthen State sentencing laws for repeat domestic violence offenses. (TBD)
3. Maintain annual state funding for Shelby County drug court, with new focus on more serious offenders. (\$575,000)
4. Invest \$110,000 in the second year of a demonstration project in Memphis/Shelby County to reduce the number of repeat offenders. (\$110,000)
5. Enact State law to identify and hold accountable individual owners of blighted and nuisance multi-unit properties (Little to no cost)

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Education and Talent - *PeopleFirst!*

1. Fully fund Voluntary Pre-K for at-risk 4-year olds beginning with an incremental increase this year.

Rationale: High quality Pre-K is a proven investment for increasing school readiness and subsequent school success. Recent brain research demonstrates that significant cognitive development occurs before age three. Children who fall behind their peers in pre-school years never catch up despite placement in remedial classes. Conversely, quality early care and education settings outside the home have resulted in higher school readiness, leading to conclusive success in boosting K-12 academic achievement and positive behaviors later in life, such as decreased criminal involvement, delayed pregnancies and success in higher-paying jobs.

Current Status: Since 2005, Tennessee’s Voluntary Pre-K program maintains some of the highest quality standards in the country. It first expanded during the Bredesen administration from a pilot phase, with the vision of serving all 4 year olds, beginning with at-risk children. The state has projected a 70% participation rate since there are other pre-k programs that serve additional 4 year olds --mainly at-risk-- such as Head Start, Even Start, special education, Title 1 and locally funded classes. States that currently provide Universal Pre-K report total participation between 85-90% when all programs are accounted for (70% enrolled in state funded programs, and approximately 15% in other programs).

Unfortunately, due to lack of funding, the program has only been made available to a limited number of eligible children. Currently the state funds 934 classrooms which accommodate only 22% of all 4-year olds, and 35% of all at-risk 4-year olds. The state estimates for 2011-12:

- Current spend - \$86,454,000
- Currently served – 18,000+ (final number in June '12; 2010-11 was 18,453)
- 4-year olds in TN - 83,000
- At-Risk 4-year olds (at 62% FRPL) - 51,460
- 70% participation rate in state-funded pre-k - 58,100
- State Current Cost per Child (based on 2010-11 enrollment of 18,453) - \$4,685
- State Cost of Universal Pre-K @ 70% participation rate - \$279,054,300
- State Cost of 100% At-Risk Pre-K - \$247,162,380
- Unfunded At-Risk Pre-K @ 100% Participation - \$160,708,380

For Memphis and Shelby County, the State currently provides approximately \$11.2 million for 129 Pre-K classrooms in Memphis City and Shelby County schools, serving 2,568 4-year olds. An additional 95 Pre-K classrooms, funded by other federal sources (ARRA, Race to the Top, Head Start) at the Memphis City Schools, currently serve 1,907 4-year olds.

Leadership States: The State of Tennessee spent \$3,216 less per child on preschool in 2010 than in 2002 while State funding for pre-k more than doubled nationwide to \$5.1 billion in FY2012. Although only 3 states and the District of Columbia offer Pre-K to all four year olds, another 6 states are in the process of moving towards “pre-k for all” policies. Early childhood education needs to be aligned with college readiness standards, creating Pre-k through 12 curriculums that would benefit students across all social and economic backgrounds—keeping Tennessee innovative and competitive in the 21st century.

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Conclusion: Shelby County applauds the commitment the Tennessee General Assembly has taken by funding Tennessee's Pre-Kindergarten Programs. Yet, there remains a great need to expand Pre-K programs for all at-risk youth. While state budget constraints may cause policymakers to withhold additional funding for these programs, it should be known that supporting Pre-K can yield some of the highest return on investments. The federal reserve bank economists have confirmed studies that proved that every dollar invested in quality pre-k generates at least \$7 in return. These returns come in the form of increased individual earnings and tax revenue, decreased need for social services, and decreased costs as it relates to criminal justice services. For some cohorts of children, for example those who took part in the High Scope / Perry Pre-School Project, the return has proven to be 17 dollars for every dollar invested. It is imperative that state funding be allotted to data-driven programs like Pre-K.

As stated by the Pew Research Center, "We know that children are ready for and in need of a developmentally appropriate school experience by age three or four. In our current system, we are defying the research by starting so late." Shelby County stakeholders encourage the General Assembly to broaden the goals of education in this great state. Expand Pre-K programs to more Tennessee families and allocate additional funding for Pre-K programs in an effort to ensure that our most vulnerable youth are given the opportunity to reach their academic potential and become productive citizens.

Fiscal Note: State of Tennessee Department of Education projects fully funding At-Risk Pre-K @ 100% Participation is \$160,708,380. We recommend incremental expansion towards that goal this year.

2. Maintain state teacher evaluation system.

Rationale: In Tennessee's winning Race to the Top bid, the state committed to implementing a system that links data on student achievement and student growth to teachers and principals for the purpose of evaluation. Tennessee is widely recognized for the value-added assessment data it has collected over the last 18 years and was rewarded for agreeing to put that data to use as a significant part of teacher evaluations on an annual basis. The state further committed to using the data and evaluations to close the teacher equity gap between high-poverty/high-minority and low-poverty, low-minority schools¹. The commitment to this policy and its implementation started under the leadership of Governor Bredesen and continues with the unwavering commitment of Governor Haslam.

Working with educators, business and community leaders in a year long process, the State developed an evaluation system that increases teacher evaluations from twice every ten years to four evaluations annually for tenured teachers and six annually for probationary teachers. 50% of evaluations are based on objective student achievement measures – including at least 35% based on TVAAS scores and 15% based on other measures chosen by the teachers – and the remaining 50% is based on observation. In Memphis, with the support of the Gates Foundation, MCS, has developed a state-approved alternative model, in which observation accounts for 40% but also includes measures of teacher knowledge (5%) and stakeholder perceptions (5%).

The evaluation system has been in place since August 2011 and Superintendents, including those in the largest districts in the state, already report marked improvement in classroom instruction. Directors of Schools and business leaders alike have called on the state legislature to stay the course and fully implement the evaluation system. The State model is coordinated and aligned with the work of the Memphis Teacher Effectiveness Initiative (TEI).

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Governor Haslam and Department of Education Commissioner Kevin Huffman stand behind the system. Commissioner Huffman recently reminded a legislative panel that while Tennessee has set a goal to be first in the nation in student achievement, 2011 NAEP data shows that our students are actually falling behind relative to other states, ranking 41st in 4th grade reading and 45th in 8th grade math. Teacher evaluation, he reminded the committee, is one of most critical tools Tennessee (and each district) possesses to improve feedback to teachers, classroom instruction and ultimately student achievement and economic competitiveness.

Fiscal Note: There will be no additional fiscal impact for this policy, as the state will use existing resources to train and support evaluators.

3. Create and fund the “Educate and Employ Act” to be piloted in previously federally designated Renewal Communities of Shelby and Hamilton Counties

Rationale: Increasing the percentage of people with a college degree is critical for individuals and businesses in Shelby County and across Tennessee. As compared to other major metropolitan areas, Memphis/Shelby County ranks 48 out of 51 in college attainment, and Tennessee does not rank much better by comparison with other states.. We compete against these communities, as well as on a global scale, for industrial recruitment and retention. This statistic represents a significant limitation in attracting new industry, loss of talented workers in our community and lagging economic growth. The *Educate and Employ Act* is one means of realizing a greater percentage of college graduates in our community by incenting certain area employers that either reside in or have employees that reside in existing federally designated renewal zones with tax credits for tuition reimbursement programs.

An estimated 68% of all new jobs created between 2010 and 2018 will require a college degree. Unfortunately, portions of Shelby County are even further behind in college attainment numbers and thus less likely to partake in a majority of the new jobs created. ***Educate and Employ is designed to encourage businesses to make tuition investments in those individuals least likely to have the funds to pay for college themselves – specifically, those residing or working in previously federally designated Renewal Communities.***

Currently Oregon, Rhode Island and Kentucky offer state level tax credits to employers for tuition reimbursement. TN and Shelby County need an edge to catch up and compete with the rest of the country. The *Educate and Employ Act* would create a “carrot” for employers located in Shelby County to offer a tuition reimbursement program. Employers that offer tuition toward two or four-year degree completion for their employees who have not received tuition reimbursement in the past two years and who live in renewal communities will receive a state tax credit of 25% of the cost of the tuition.

This pilot proposes to invest \$10 million to make it financially feasible for 13,200 (6600 in Shelby County and 6600 in Hamilton County) students who reside or work in Shelby and Hamilton County former Renewal Communities to achieve college degrees. With this investment, the state would leverage approximately \$40 million in corporate tuition investments in Tennessee students. But the ROI goes way beyond the corporate paid tuition that’s leveraged. The *real* return is the economic impact of 13,200 new college degrees added into the state’s economy.

There is powerful data pointing to the potential impact of *Educate and Employ* on Tennessee’s college completion agenda. A 2010 study by Society for Human Resources Management and National Association of Independent Colleges and Universities that reviewed the results of employer-sponsored education

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assistance provided under Section 127 of the Internal Revenue Code demonstrated significant results including the following:

- Average Section 127 Benefit received- \$2,700 (25% = \$675)
- Average Age- 36 (*These are the Young Professional we need to keep*)
- Top 4 Majors- Business (28%) STEM- sciences, technology, engineering and math (17%) education (15%) and health (13%) (*Definitely what Shelby County Needs*)
- Average Annual Comp of current 127 recipient- \$42,711 (*Targets people who need financial help to get them through school*)

The data suggests that such tuition reimbursement programs successfully incent people to earn college degrees, that they are used by those who are least likely to be able to afford college on their own, and that the degrees they achieve are those that are very much needed to fill workforce gaps in Shelby County and Tennessee.

According to his website, Governor Haslam, “has made college access and success a priority, and he is committed to helping every region raise educational attainment rates and enhance their workforce development efforts through innovative public/private partnerships.” This program is aligned with goals and objectives of the governor. It also aligns with the new state university funding matrix which is heavily weighted toward degree attainment.

Fiscal Note: \$10 Million--\$ 5 Million each to Shelby County and Hamilton County, to be allocated over 4 years.

4. Maintain current funding for Hope Scholarship and eligibility criteria as GPA “OR” ACT scores.

Rationale: Currently, Tennessee entering freshmen are eligible for Hope Scholarships if they qualify under one of the following criteria:

- Minimum of a 21 ACT (980 SAT), exclusive of the essay and optional subject area battery tests
- OR
- Overall weighted minimum 3.0 grade point average (GPA)

As a money saving measure, the Tennessee General Assembly will be considering a recommendation from the Tennessee Lottery Stabilization Task Force to change the rules to require both criteria to receive the full \$4000 scholarship, and to reduce the scholarship amount to \$2000 if only one of the two criteria are met. According to Republican lawmakers' figures, lottery reserves in the current fiscal year are \$364.8 million. That includes a special \$50 million "shortfall reserve." Projections show reserves would shrink by 2020-21 to about \$190 million, which includes the \$50 million reserve.

With Tennessee lagging in the US in college attainment, and considering Tennessee’s ambitious goals for expansion of college attainment as set forth in the Complete College TN Act, placing barriers to college access for Tennessee’s high school graduates would be unwise and out of sync with state workforce development and economic goals. The impact of this potential rule change on University of Memphis alone would be significant – in the 2010/11 school year 46% of the University’s students would not have met the proposed requirements and 61% of those students are minorities. According to Tennessee Higher Education

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Commission figures, if the changes had been implemented in 2010, they would have reduced the number of Tennessee's high school graduates eligible for the full four-year scholarships by 5,257, or 22 percent, making college financially unattainable for many of those students.

One other consideration: If lottery reserve levels are to drive scholarship eligibility policy, the General Assembly perhaps ought to establish a 'reserve threshold' at which such changes go into effect. One suggestion by a Shelby County Senator is that such threshold be \$100Million. That said, at \$364.8 million, the current level has hardly reached 'rainy day' status.

Fiscal note: No cost.

Jobs – *MemphisED/Memphis Shelby Growth Alliance*

1. Reform Policies at the Tennessee Consolidated Retirement System To Allow Investment in Smaller, TN-Based, Private Equity Firms

Rationale: Equity investments are critical to the growth of start-up and early-stage companies, where cash is needed to fund innovation and sales, not pay debt service. As a result, States that have a strong network of venture and angel capital investors both support and attract more high-growth companies and entrepreneurs.

Tennessee's program to use its Consolidated Retirement System (TCRS) to capitalize venture capital firms is a potentially wise economic development strategy, but **unfortunately** the investments made to date have been a missed opportunity for Tennessee-based private equity firms and, by extension, for economic growth in Tennessee.

In 2008 the State Legislature allowed the Consolidated Retirement System to invest up to 5 percent of its assets, then approximately \$30 billion, with qualified private equity firms. As of September 2011, only \$114 million has been invested in 12 venture firms; and none of those are based in Tennessee.

The TCRS Fund's current policies require relatively large investments (typically \$20 - \$25 million) equivalent to no more than 10% of a given fund. Since most of Tennessee's funds are less than \$250 million, they do not qualify for the investments. **The Fund should therefore lower its investment threshold to \$5 million, and raise the total allowable percentage investment in a fund from 10% to 20% of its total.**

Smaller investments in qualified Tennessee private equity firms could garner the same rate of return with comparable risk, but would require the TCRS to adopt policies that encourage and allow smaller investments.

Fiscal note: No cost (or nominal cost if additional staff person or two deemed necessary)

2. Reduce the Regulatory Burden on Small Businesses By Identifying and Eliminating Unnecessary Requirements.

Rationale: Small firms dominate our economy. For example, firms with 50 or fewer employees represent 96 percent of all establishments in the United States, 97 percent of all establishments in Tennessee, and 99

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percent of all establishments in Shelby County. Further, national research over a period of years indicates that small firms are particularly important sources of innovation and employment growth. As a result, the states that nurture and support small businesses reap economic benefit. At the same time, however, small firms are also disproportionately burdened by regulatory requirements that often assume access to technical and financial resources that may be difficult or prohibitively expensive for them.

Governor Haslam's Administration has been actively looking to identify unnecessary regulatory burdens on Tennessee firms. Starting with a review of the requirements for participating in public contracts, the State should work to insure that Tennessee is inviting and supportive of small firms, without compromising important regulatory goals.

One example, in Tennessee T.C.A. § 4-15-102 requires State, county and municipal contracts valued at \$100,000 or more have a 25 percent performance bond. In addition, T.C.A. § 12-4-201 requires that no contract be let for any public work by city, county or State authority until the contractor has executed a performance bond for 25 percent of the contract price if the contract is in excess of \$100K. Tennessee does not require performance bonds on private projects.

The performance bond is the successor to the bid bond if the contractor was deemed low bidder and it guarantees that the contractor will complete the contract in accordance with the terms, conditions and specifications of the contract.

On non-construction related contracts for services such as information technology (IT), landscaping and printer services, etc., this requirement hinders the minority contractor's ability to compete for contract opportunities. On a \$500,000 project the contractor would have to post of bond of \$125,000 to get the job. Small minority-owned firms may be unable to secure these performance bonds, and the additional up-front cost both increases their need for internal or external working capital (which may not be available) and diminishes their profit from the contract. Therefore, the Memphis Fast Forward Steering Committee is requesting this requirement for non-construction projects be examined and eliminated or reduced if possible.

Fiscal note: No cost.

3. Invest \$4 Million to Grow the UT-Baptist Research Park

Rationale: Critical to the continued growth and success of Memphis and Shelby County's bioscience industry is the leveraging of significant local biomedical assets. At completion, the UT-Baptist Research Park is expected to create 4,000 direct jobs and at least 5,000 indirect jobs with annual salaries totaling more than \$250 million.

One major milestone in construction of the UT-Baptist Research Park was achieved in late 2011 – the Vivarium (Memphis Specialty Laboratory) is currently under construction with a combination of funding from the State of Tennessee, deployment of a New Markets Tax Credit allocation awarded to Memphis Bioworks Foundation/the City of Memphis Division of Housing and Community Development, local philanthropic contributions, and private equity.

This specialized research facility by itself is expected to retain \$3 - \$5 Million per year in research expenditures that are currently being expended in other part of the U. S. or abroad. The Vivarium will feature a "Green Roof" and Pedestrian Plaza that will be built on top of existing service docks in the UT-

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Baptist Research Park. Construction is scheduled to be completed in March of 2013 and the facility will be commissioned and operational by May 2013.

In order to maximize the impact of the Memphis Specialty Laboratory and catalyze the next stages of development of the UT-Baptist Research Park, the laboratory must be positioned as a strong **Translational Science Center** to support and fast track the path of commercialization of research discoveries from all of the local research institutions.

A total of \$4 million is needed to purchase specialized equipment and build capacity to supplement the pre-clinical studies performed in the Vivarium and the Bioworks Incubator. This will include histology, microscopy and toxicology services which are needed to test samples that are generated by the Vivarium. This is a critical element to the full suite of services needed because it provides the final end results and reports to researchers for the Vivarium work. These critical services need to be available in conjunction with the Vivarium to make it competitive to the services and contribute to the sustainability of the operation.

Additional investment is also needed for equipment and resources to perform pharmacokinetic studies, a critical step necessary to test early stage drugs and therapeutic processes to determine their effectiveness and viability. This is a necessary part of the “proof of concept” work to take patented work developed by local researchers (at St. Jude, UTHSC, and the University of Memphis) and license the technology for commercial use.

Anticipated Local Impact:

- Local availability of histology, microscopy, toxicology, and pharmacokinetic research capability will easily cut 6 – 12 months from the timeline needed to secure FDA approval of final stage clinical trial research.
- A one-year shortened FDA approval schedule means that commercial applications of new drugs, new treatment protocols, and new medical devices also occur sooner along with the new jobs that these commercial applications bring with them.

Budget (Source and Use of Funds):

Source of Funds	Secured	Needed
State of Tennessee Grant	\$7,000,000	
New Markets Tax Credit Equity	\$5,976,000	
Memphis Bioworks Foundation Equity	\$722,720	
Private Philanthropic Contributions	\$1,552,906	
Histology, Microscopy, Toxicology Translational Science Center		\$4,000,000
TOTALS	\$22,522,906	\$4,000,000

Timeline for Implementation:

- \$1.5 Million of the requested amount is needed by 8/31/2012 to order the initial equipment needed for the Translational Science Center.
- \$2.5 Million of the requested amount is needed by 12/31/2012 to order the balance of the needed equipment to allow time for delivery and installation prior to the March 2013 completion of the Vivarium construction.

Fiscal note: \$4 Million

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4. Establish a \$5 Million Bond Fund for Minority Businesses in Shelby County

Rationale: Based on the most recent data available from the U.S. Census Bureau, there are 19,895 minority-owned firms in Shelby County, with average annual revenue of \$50,339.

The Bond Fund will be used to assist minority construction contractors with obtaining bonding insurance, as most construction projects require contractors to bond the jobs they are bidding to perform. Without the ability to bond these jobs, most minority businesses simply do not submit bids even though they may be capable of performing the work.

This Bond Fund would allow a contractor to receive up to \$500,000 in bonding for a particular project, with as many as 10 contractors utilizing the program at any one time. If the average contractor employs 10 employees per contract, a minimum of 100 jobs would be created as a result.

The Bond Fund will help stimulate the growth of minority construction contractors and create new jobs throughout the county by increasing minority participation on construction projects where they would otherwise be unable to meet the bid qualifications.

Fiscal note: \$5 Million

Public Safety – Operation: Safe Community

1. Strengthen State sentencing laws for crimes involving guns. (TBD)

Rationale: Despite some gains made during the last five years, Tennessee still has some of the weakest laws against gun violence in the country. Previous efforts to strengthen these laws have been hampered by the State's fiscal note related to proposed legislation.

Gains to date include:

- **Attempted first degree murder was included as “dangerous felony”** for which there are enhanced sentences for employing or possessing a firearm during the commission of a crime.
- **A new offense was established for possessing or using a gun when committing certain crimes** including murder, carjacking, kidnapping, burglary and illegal drug possession.
 - **For possession of a gun during the crime:** Extra mandatory sentence of 3 years, or 5 years if defendant has a prior felony conviction
 - **For using a gun during the crime:** Extra mandatory sentence of 6 years for using, 10 years if defendant has a prior felony conviction
- **Tougher sentences were established for aggravated robbery.** Changed from 30% to 70% the amount of sentence which must be served before offender is eligible for parole; and no parole for two or more aggravated robbery convictions.
- **Aggravated burglaries established as separate prior convictions.** All aggravated burglaries a defendant commits within a 24-hour period count as separate prior convictions for purposes of determining if the defendant is a multiple, persistent, or career offender under the criminal sentencing reform act.

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Tennessee lags far behind such states as Virginia, New York and Florida in getting thugs off our streets through tougher sentences. Violent criminals often strike over and over again – for example, the top 10% of robbers commit an average of 346 robberies per year. (Blumstein, A., Cohen, J., Roth, J.A., and Visher, C.A. 1986. *Criminal Careers and “Career Criminals”, Vol. 1*. Washington, DC: National Academy Press.) In TN, 60% of these robberies involve guns.

Some states, like Virginia and Florida, have seen dramatic success when they imposed stiffer penalties for offenders who commit crimes with guns. In 1994, Virginia state lawmakers passed a sentencing reform act to drastically reduce the gap between the sentence pronounced in the courtroom and the incarceration time actually served. Statistics show the law is working. By 2003, murders had dropped 28 percent compared to 1994, and reported robberies had dropped 23 percent. In 2002, the overall serious crime rate in Virginia was lower than at any point since 1970. From 1994 to 2000, Virginia experienced a 26 percent reduction in crime. During that same time period, Virginia’s incarceration rate grew by only 6 percent, while the national average incarceration rate increased by 22%.

In recent legislative sessions, when creating the fiscal note, the General Assembly’s Fiscal Review Committee failed to take into account the full *crime reduction effect* – and related cost-savings-- of deterring potential offenders and putting active criminals behind bars for longer. Based on testimony heard by the Fiscal Review Committee, it appears that amending current law governing the methodology used to calculate the costs of incarceration for fiscal notes is in order.

Testimony before the Committee has provided insight on understanding the return-on-investment of reducing gun-related crime, including the impact of three factors:

1. *Detering Potential Offenders.* As penalties increase, fewer people commit crimes. (Coase, R. 1978. “Economics and Contiguous Disciplines.” *Journal of Legal Studies*, 7(2):201-211) A recent example from local experience was in Memphis, when the federal Project Safe Neighborhoods initiative revealed a significant deterrent effect upon gun related crime through use of a combination of new tougher federal firearm laws, federal prosecution of felons in possession of a firearm, and an information campaign regarding the consequences of possessing an illegal firearm (“Gun Crime is Jail Time”). For example, between 2002 and 2004, robberies involving a firearm declined over 16%. Significantly, during this time, Memphis also experienced a decrease of 12.6% in weapons laws violations - a strong indicator of a substantial deterrent effect curbing the carrying of illegal firearms by offenders.
2. *Incapacitating Active Offenders.* Research also indicates that when active offenders are put in jail for longer and as such are ‘incapacitated’ or prevented from committing more crimes, then crime goes down. (Spelman, W. 2006. “The Limited Importance of Prison Expansion.” In A. Blumstein and J. Walman (Eds.), *The Crime Drop In America*. New York, NY: Cambridge University Press.) The research concluded that increases in incarceration during the past twenty years were responsible for approximately 27% of the crime drop that occurred during that period.
3. *Real Cost Savings of Reducing Violent Crime.* There are two areas for cost savings associated with reductions in violent crime. The most significant savings --\$894 million annually -- come from reducing tangible victims’ costs. These costs include medical and mental health treatment, loss of future earnings, public programs, and property damage. There are also significant economic impacts associated with loss of business investment, personal wealth and related tax revenues. Reductions in crime would positively impact both of these areas.

Fiscal Note: TBD

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2. Strengthen State sentencing laws for repeat domestic violence offenses. (TBD)

Rationale forthcoming from Commissioner Gibbons in December. This effort will be lead by Gibbons and the Haslam administration.

Fiscal Note: TBD

3. Maintain annual state funding for Shelby County drug court, with new focus on more serious offenders. (\$575,000)

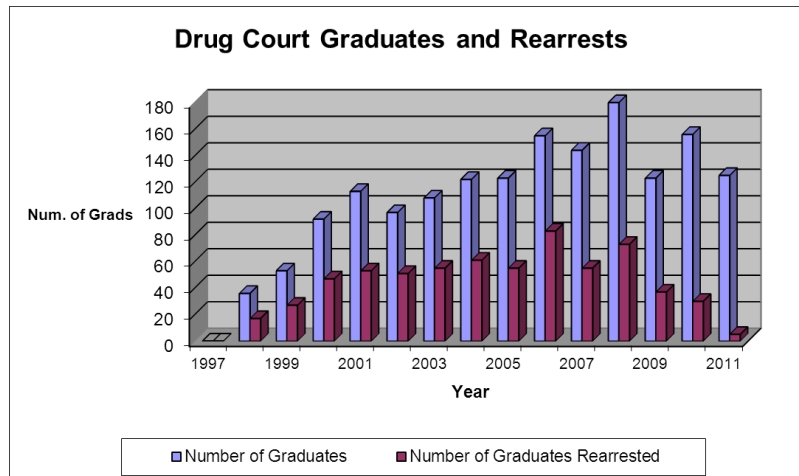
Rationale: Drug courts provide non-violent drug offenders with the option of supervised drug treatment instead of incarceration. Research shows that investments in drug courts deliver high returns in terms of both reduced repeat offenses and saved costs:

- A University of Memphis study showed significant results from Drug Court treatment, with only 24 percent of Shelby County Drug Court treatment program graduates becoming repeat offenders within three years, compared to over 82 percent of comparable drug defendants who did not go through Drug Court treatment committing repeat offenses within three years.
- The Drug Court treatment program is also cost effective. It costs about \$11 per day for outpatient Drug Court treatment, vs. about \$58/day to incarcerate someone at the Shelby County Correctional Center, and almost \$100/day at the Shelby County jail. An analysis of thirty-five Drug Court treatment program graduates showed a savings of approximately \$372,000 based upon their projected incarceration costs had they not entered treatment.
- These local results are very much in keeping with findings from numerous national studies that show reduced violent crime, repeat offenses, and significant cost savings in public funds. (National estimates of drug court recidivism rates, National Institute of Justice, U.S. Department of Justice, Washington, DC, July 2003;The New York State adult drug court evaluation: Policies, participants and impacts, Center for Court Innovations, New York, NY, 2003;Washington State Institute for Public Policy, 2003; NPC Research, Inc., Judicial Council of California and the California Department of Alcohol & Drug Programs, 2002)

Since its inception in 1997, the Shelby County Drug Court has notably reduced recidivism rates among adults with drug-related criminal charges. Statistics among Drug Court graduates illustrate the effectiveness of and overall need for the Court, as evidenced by the chart below. In 2010, less than 20 percent of Drug Court graduates were rearrested and, in 2011, the recidivism rate among graduates dropped to less than 5 percent. Among the total number of Drug Court graduates (1,627), less than 40 percent of them (649) have reoffended in drug-related categories.

These results have had a significant impact on reduction of crime, reduction in jail overcrowding, and in saving taxpayer dollars. The program has afforded treatment to those who may otherwise have had no opportunity for treatment and most importantly, has returned productive citizens to the community and to their families and friends. (Source: <http://shelbycountdrugcourt.org/>)

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Heretofore, the Drug Court has targeted non-violent adult offenders with overwhelming success. (Source: <http://shelbycountydrugcourt.org/>). Going forward, the funding from the State of Tennessee would allow the Drug Court to treat more high risk, serious offenders.

Fiscal Note: Funding the Shelby County Drug Court requires \$575,000.

4. Invest \$110,000 in the second year of a demonstration project in Memphis/Shelby County to reduce the number of repeat offenders. (\$110,000)

Rationale: Reducing the number of repeat offenders is central to increasing public safety. This community need requires collaboration between established partners: the City of Memphis' Public Services and Neighborhoods Division, the Shelby County Division of Corrections, the Tennessee Board of Probation and Parole, the Tennessee Department of Correction, and Operation: Safe Community.

The issue of reentry extends beyond offenders and their immediate families and reaches communities at large, which outlines the need for a program to address it. High costs of housing inmates could be avoided, crime decreased, public safe increased, and offenders could enjoy viable alternatives to criminal activity as productive citizens. At the Shelby County Correctional Center, it costs \$58.13 to house each prisoner each day. Similarly, at the Tennessee Department of Corrections, in FY 2009 – 2010, it was \$63.41 daily. A re-entry program will continue to help to defray costs and address all other objectives with an ultimate goal of reducing participant's one-year parole revocation rate by 30 percent.

The program provides ex-offenders with medical and mental health screenings, educational opportunities, anger management counseling, housing and independent living support, and family reunification, among other benefits. The program design will require intensive discharge planning, which will include a screening of inmates for program eligibility and admission 120 days prior to their scheduled release. (A feasible plan of action would be developed for ex-offenders including referrals to existing community resources to ensure a smoother transition into civilian society.) Upon release into communities, offenders will be supervised by specially-assigned Parole Officers, who will monitor and measure treatment efforts, social service needs, and vocational training participation throughout the offenders' time in the program.

This novel approach toward re-entry will be offered to offenders, ages 18 to 35, with no current or prior sex offense convictions or infractions within 12 months of their parole hearings. The program will have the capacity to serve 200 offenders altogether, consisting of 160 males and 40 females. Males will be drawn

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from any institution in Tennessee, although the ratio of sampled participants will closely mirror the proportion of offenders who normally parole to Shelby County. All female participants will be drawn from the Mark Luttrell Correctional Center. Participants will be tracked for one year following their release from prison. This intensive and centralized planning and release process will enable ex-offenders to better serve society as productive citizens.

Fiscal Note: Funds, totaling \$110,000, are needed from the State to continue to provide a portion of salary costs, equipment, database administration services, and supportive services for ex-offenders enrolled in the program (including GED materials and housing/transportation vouchers). State funds leverage City of Memphis and Shelby County contributions representing 20% of the overall project.

5. Enact State law to identify and hold accountable individual owners of blighted and nuisance multi-unit properties

Rationale: In many instances there are property owners who own dilapidated properties that were purchased with full knowledge that the structures were considered nuisances and in violation of local ordinances. In other instances the properties are bought in relatively good condition but because of many different factors, the properties are allowed to become blighted or a public nuisance. Many of the owners remain absent from the community and make no repairs on the properties while continuing to maintain ownership. As a result, the properties pose a danger to health and safety of the community while the owners are absent with no accountability.

The case of blighted condominiums and other dwellings with multiple ownership is a compounded version of this problem. Currently, to deal with a blighted property with multiple ownership, the local government must serve process on each individual owner, many of whom as noted above are absent, and who therefore are nearly impossible to hold accountable.

The solution to this is simple. The General Assembly should enact state law requiring that each individual owner of a unit in any dwelling with multiple ownership must submit the name and address of a registered agent to the Secretary of State.

Fiscal Note: Little to no cost.
