

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 339 (Delegate C. Mitchell)
Appropriations

State Correctional Facilities - Privatization of Operations

This bill prohibits the Division of Correction (DOC) of the Department of Public Safety and Correctional Services from contracting with a private vendor for operation of State correctional facilities or for the incarceration of persons in the custody of DOC.

The bill allows DOC to contract for: (1) operations of State pre-release facilities and units; (2) ancillary services, including medical services, educational services, and repair and maintenance contracts; (3) other services not directly related to ownership, management, or operation of security services in a correctional facility; or (4) operations of Department of Juvenile Justice (DJJ) residential facilities.

Fiscal Summary

State Effect: None, as discussed below.

Local Effect: None.

Small Business Effect: None. While the bill prohibits the privatization of some services, and allows privatization of others, it does not immediately or directly affect small businesses. Should DOC choose to contract out additional services permitted by the bill, small businesses that provide those services could benefit from increased business.

Fiscal Analysis

State Effect: While this bill prohibits the privatization of certain categories of services, and allows others, it does not directly affect DOC's operations or finances. Some of the service contracts permitted under the bill, are already contracted for with private contractors or

vendors (e.g., medical services). There are other services such as food services that, while not specifically allowed under the bill, are currently contracted for by the divisions and are assumed to be allowed under the bill's provisions relating to ancillary or other services. For those services currently contracted out by DOC, the bill codifies existing practices. However, DOC believes that this bill broadens its authority to contract for operation of pre-release facilities, since current law allows such contracts only for operation of Community Adult Rehabilitation Centers and for pre-release facilities for women.

In the future, the potential for any fiscal impact on the division would depend on whether the division exercises a broader authority to privatize services under its aegis. The Department of Fiscal Services notes that under applicable provisions of the State Personnel and Pensions Article (§13-405), service contracts can be used only if the department can show savings of \$200,000 or 20% of the current cost of providing the service, whichever is less.

The Department of Juvenile Justice has already privatized operations of some custodial residential facilities. The bill would not affect the department's ongoing or future operations or finances.

Information Source(s): Department of Public Safety and Correctional Services (Division of Correction), Department of Fiscal Services

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Analysis by: Guy G. Cherry
Reviewed by: Paul Ballou

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 841-3710
(301) 858-3710