

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

Senate Bill 373 (Senator Mitchell. *et al.*)

Budget and Taxation

State Correctional Facilities - Privatization

This bill prohibits the Division of Correction (DOC) from contracting with a private vendor for operation of State correctional facilities or for the incarceration of persons in the custody of the division. Services exempt from this prohibition are: (1) ancillary services, including medical, educational, repair, and maintenance services; and (2) other services not directly related to ownership, management, or operation of security services in a correctional facility.

Fiscal Summary

State Effect: None. This bill generally codifies existing practice.

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. It is unknown whether any small businesses currently seek to procure service contracts with DOC.

Fiscal Analysis

State Effect: While this bill prohibits the privatization of categories of services relating to the actual custody and imprisonment of inmates, and allows other ancillary services, 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 division 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.

In the future, the potential for any fiscal impact on the division would depend on whether the Department of Public Safety and Correctional Services sought privatization of a correctional facility or privatization of the incarceration of persons in the custody of DOC. Legislative 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. In addition, a service contract may be entered into only as approved by the Board of Public Works, provided that the Department of Budget and Management certifies to the board, among other things, that State employees are not available to perform the services or that conflict of interest would result if a State employee were to perform the services.

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

Fiscal Note History: First Reader - March 1, 1999

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