LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 20, 2019

TO: Honorable James White, Chair, House Committee on Corrections

FROM: John McGeady, Assistant Director   Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: **HB1979** by Reynolds (Relating to prohibiting the confinement of inmates by the Texas Department of Criminal Justice in facilities operated by private vendors.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1979, As Introduced: a negative impact of ($90,610,118) through the biennium ending August 31, 2021.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	($45,305,059)
2021	($45,305,059)
2022	($45,305,059)
2023	($45,305,059)
2024	($45,305,059)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from *General Revenue Fund* 1
2020	($45,305,059)
2021	($45,305,059)
2022	($45,305,059)
2023	($45,305,059)
2024	($45,305,059)

Fiscal Analysis

The bill would amend the Government Code as it relates to contracts for correctional facilities and services with the Texas Department of Criminal Justice (TDCJ). Under the provisions of the bill, the department would be prohibited from housing or confining certain incarcerated individuals in certain private facilities, and would further be prohibited from entering into contracts to house or confine such individuals in facilities owned, operated, or managed by a private vendor. The bill would take effect on September 1, 2019.

Methodology

TDCJ contracts with private organizations to operate seven prisons, three state jails, and one multi-use treatment facility, for a total of 11 privately-operated correctional facilities. This analysis assumes that state-owned, privately-operated facilities would transition to state-operated facilities to comply with the provisions of the bill. All but one facility, the East Texas Multi-Use Treatment Facility (EST), is owned by the state. EST provides SAFPF and DWI treatment.

Using fiscal year (FY) 2018 cost per day (CPD) rates from the Legislative Budget Board Uniform Cost Report (January 2019), the annual cost to convert privately operated correctional facilities to state operated correctional facilities would be approximately $45.3 million annually. The CPD for privately operated facilities includes indirect administration, operational, and treatment costs. The CPD for privately-operated prisons is $41.93, while state-operated prison CPD is $50.81, which would result in a $14,770,148 cost to transfer operations of private prisons to the state. The CPD for privately-operated state jail facilities is $33.83 in FY 2018, and state-operated state jail facilities is $52.46, which would result in a $27,458,198 cost to transfer operations of private state jail facilities to the state. The CPD for privately-operated substance abuse felony punishment facilities (SAFPF) is $47.56, and state operated state jail facilities is $70.91, which would result in a $3,076,713 cost to operations of private SAFPF to the state. The fiscal impact of transitioning DWI treatment to a state operated facility cannot be determined because TDCJ does not currently operate a state DWI treatment facility with a comparable CPD.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 696 Department of Criminal Justice

LBB Staff: WP, LBO, AI, kvel