LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 20, 2021

TO: Honorable Andrew S. Murr, Chair, House Committee on Corrections

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB507** by Meza (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 HB507, As Introduced : a negative impact of ($84,113,598) through the biennium ending August 31, 2023.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

Fiscal Year	**Probable Net Positive/(Negative) Impact to** ***General Revenue Related Funds***
2022	($42,056,799)
2023	($42,056,799)
2024	($42,056,799)
2025	($42,056,799)
2026	($42,056,799)

All Funds, Five-Year Impact:

Fiscal Year	**Probable Savings/(Cost) from** ***General Revenue Fund*** **1**
2022	($42,056,799)
2023	($42,056,799)
2024	($42,056,799)
2025	($42,056,799)
2026	($42,056,799)

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.

Methodology

TDCJ contracts with private organizations to operate seven prisons, two state jails, two intermediate sanction facilities, one work facility, and one multi-use treatment facility, for a total of 13 privately-operated correctional facilities. This analysis assumes that privately-operated facilities would transition to state-operated facilities to comply with the provisions of the bill.

Using fiscal year 2020 cost per day rates from the Legislative Budget Board Uniform Cost Report (January 2021), the annual cost to convert privately operated correctional facilities to state operated correctional facilities would be approximately $45.8 million annually. The capacity of privately operated facilities of all types is currently 8,954 beds, which would have a fiscal impact of $141.0 million. State-operated facilities of the same type and capacity would have a fiscal impact of $186.7 million. The $45.8 million cost to transfer to state operated facilities would be partially offset by a reduction $3.7 million for indirect administration and contract administration, for a total fiscal impact of $42.1 million.

This analysis assumes the provisions of the bill would not result in a significant impact on state correctional populations or on the demand for state correctional resources.

Local Government Impact

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

Source Agencies: 696 Department of Criminal Justice

LBB Staff: JMc, DKN, KFB, KVEL