

**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: HB4207** by Murr (Relating to private vendors for correctional facilities and services.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB4207, 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:**

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
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:**

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>
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 allow existing Texas Department of Criminal Justice (TDCJ) contracts with a private vendor for operation or management of a secure correctional facilities to expire on the contract's own terms, without invoking any additional renewal provisions. The bill would also remove provisions related to civil liability for private vendors and facility conversion.

**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 in fiscal year 2022 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

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