

## Department of Planning and Budget 2020 Fiscal Impact Statement

**1. Bill Number:** SB837

House of Origin	<input checked="" type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
Second House	<input type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Enrolled

**2. Patron:** Ebbin

**3. Committee:** Rehabilitation and Social Services

**4. Title:** Corrections Private Management Act; name change; private management prohibited.

**5. Summary:** This bill renames the Corrections Private Management Act as the Corrections Private Services Act and prohibits the Director of the Department of Corrections to enter into contracts with prison contractors for the operation of prison facilities, including management, custody of inmates, and provision of security.

The bill also adds the operation of a private prison facility including management, custody of inmates, and provision of security to the list of powers and duties not delegable to contractors. It repeals § 53.1-263, which governs the authority of prison contractor employees, § 53.1-264, which governs the application of certain criminal law to contractor-operated facilities, and § 53.1-266, which requires the Board of Corrections to promulgate regulations pertaining to the operation of private prison facilities.

The bill has a delayed effective date of July 1, 2023.

**6. Budget Amendment Necessary:** No. The bill has delayed effective date of July 1, 2023, so its fiscal impact is beyond the effective time period of the introduced budget bill currently before the General Assembly. The additional resources required would have to be provided in the 2022-2024 biennial budget.

**7. Fiscal Impact Estimates:** Preliminary. See Item 8 below.

**8. Fiscal Implications:** This bill prohibits the operation of private prisons in Virginia. Currently, Lawrenceville Correctional Center (LVCC) is the only privately operated state prison in the Commonwealth; it is a medium security (Level 3) facility. Since 1998, the Department of Corrections (DOC) has been authorized to contract with a private vendor to operate LVCC. On August 1, 2018, DOC renewed its contract for an additional five-year term with an option of ten one-year renewal terms. Under this contract, the vendor assumed responsibility for all operations, including offender medical care and facility maintenance.

The proposed legislation prohibits the Director of the Department of Corrections to enter into contracts with prison contractors for the operation of prison facilities, including management,

custody of inmates, and provision of security, and it requires DOC to develop and implement a plan to ensure that all prisons are in compliance with the provisions of this bill by July 1, 2023.

The current appropriation act, Chapter 854, 2019 Acts of Assembly, includes \$22.3 million in DOC's budget to support the LVCC contract with the private vendor. The contract is based on the number of offenders. Currently, the per diem rate for each offender up to 1,425 is \$48.94. For any offender over 1,425, the per diem rate is substantially reduced to \$8.47 per offender. The per diem rate for a comparable offender in a state-run, Security Level 3 facility is \$72.21.

The DOC estimates that the additional cost to take over operations of LVCC would be approximately \$29.5 million. This amount includes ongoing costs of \$18.5 million annually to operate the facility. This estimate is based on FY 2019 costs to operate a comparable medium-security facility (Green Rock Correctional Center). Operating costs include the addition of an estimated 146 staff (125 of whom would be correctional officers). In addition, DOC estimates that it will need \$4 million for technology, security equipment, vehicles, and other needs that would be necessary to equip the facility and \$7 million for capital improvements and modifications. All estimates are preliminary and are likely to change as DOC conducts analysis of staffing, programming, and capital needs.

The LVCC has the capacity to house 1,591 offenders. Although it currently houses medium-security offenders, it is not known at this time what classification of offenders DOC may choose to house at LVCC. If DOC changes the classification of the facility it may need additional resources for educational programming, mental health, or medical needs if deemed necessary, all of which may impact the cost estimate for assuming operations by FY 2024. Although no additional operating funds are expected to be needed for the 2020-2022 biennium, it may be beneficial to provide additional capital funds to address facility issues before DOC assumes operations at LVCC. A complete assessment must be conducted, to identify these needs.

**9. Specific Agency or Political Subdivisions Affected:** Department of Corrections

**10. Technical Amendment Necessary:** None

**11. Other Comments:** None