

ASSEMBLY STATE AND LOCAL GOVERNMENT
COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 5430

STATE OF NEW JERSEY

DATED: DECEMBER 14, 2023

The Assembly State and Local Government Committee reports favorably Assembly Bill No. 5430 (1R).

The bill prohibits the privatization of public services unless there are cost savings which are not based on increased charges or reduced services to the public, or lowered workforce standards. Each prospective private contractor would be required to demonstrate cost reductions based on improvements such as management efficiencies or technical innovation, not based on added burdens imposed on the members of the public using the services or the employees producing them.

The bill requires that a contract for the privatization of public services not be entered into without cost analyses demonstrating that there will be actual cost savings for the public agency and the taxpayers without increased fees, fares, or other charges to the public, reduced quantity or quality of services, or lowered workforce standards, including reduced staff qualifications and remuneration. The bill further requires sustained oversight and public disclosure regarding those contracts to provide accountability to taxpayers, public users of the services, and employees producing the services, that the cost savings actually occur without increased charges, or reduced services or workforce standards, and provides penalties and sanctions for any noncompliance involving agency or contractor misrepresentation, fraud or other malfeasance, misfeasance or nonfeasance.