

**ASSEMBLY, No. 572**

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**STATE OF NEW JERSEY**

**218th LEGISLATURE**

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PRE-FILED FOR INTRODUCTION IN THE 2018 SESSION

**Sponsored by:**

**Assemblyman PAUL D. MORIARTY**

**District 4 (Camden and Gloucester)**

**Assemblyman HERB CONAWAY, JR.**

**District 7 (Burlington)**

**Assemblyman GORDON M. JOHNSON**

**District 37 (Bergen)**

**Co-Sponsored by:**

**Assemblywoman Sumter**

**SYNOPSIS**

Requires State Auditor review of certain Department of Corrections privatization contracts.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



1   **AN ACT** concerning Department of Corrections privatization  
2       contracts and supplementing chapter 24 of Title 52 of the  
3       Revised Statutes.

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5       **BE IT ENACTED** *by the Senate and General Assembly of the State*  
6       *of New Jersey:*

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8       1. As used in this act:

9       "Aggregate cost savings" with respect to a privatization contract  
10      means the amount by which the net reduction of in-house costs  
11      exceeds the entire cost of the privatization contract.

12      "Entire cost of the privatization contract" means a detailed  
13      accounting of all costs borne by the State under a privatization  
14      contract, or pro-rata share of the costs, and all costs resulting from  
15      the contract, including:

16       (1) Costs of labor;

17       (2) Costs of fringe benefits;

18       (3) Costs of equipment or materials, whether supplied by the  
19      State or a private contractor;

20       (4) All other costs directly or indirectly attributable to  
21      transferring the work being performed by State employees to a  
22      private business entity under the contract, including, but not limited  
23      to, the costs of preparing and bidding the contract, the costs of  
24      training the new workforce, bonding costs, insurance liability costs,  
25      costs to the public of delayed or reduced services, and recovery  
26      costs of returning the work to the agency if required by future  
27      decision makers;

28       (5) Costs in the maintenance of any publicly supplied property,  
29      equipment or materials;

30       (6) Costs of administering, inspecting or monitoring the  
31      subcontracted service, including, but not limited to, the use of  
32      consultant services for this purpose;

33       (7) Costs of any anticipated unemployment compensation or  
34      other benefits, including retraining expenses, for State employees  
35      who are displaced as a result of the contracted service; and

36       (8) Costs of lost income tax revenue and other tax revenue to the  
37      State through the elimination of agency employees if the contractor  
38      performs functions outside of the State.

39      "Fringe benefits" means all employer-provided fringe benefits  
40      including health, dental, vision care, prescription, holidays,  
41      vacations, sick and administrative leave, pensions and other  
42      retirement benefits.

43      "Net reduction of in-house costs" means the net reduction of cost  
44      to the Department of Corrections caused by the State not providing  
45      or performing a service which is instead performed or provided by a  
46      private business entity under a privatization contract.

47      "Private business entity" means a non-governmental person or  
48      entity.



**A572 MORIARTY, CONAWAY**

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1       The bill also requires the State Auditor to report any  
2       malfeasance, misfeasance or nonfeasance of the Department of  
3       Corrections or any officer of the Department of Corrections in  
4       connection with a contract which is disclosed by any audit or  
5       investigation.

6       The bill takes effect immediately upon enactment.