

SENATE, No. 748

STATE OF NEW JERSEY 220th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2022 SESSION

Sponsored by:

Senator JOSEPH A. LAGANA

District 38 (Bergen and Passaic)

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.

4
5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*

7
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.

S748 LAGANA

4

1 malfeasance, misfeasance or nonfeasance of the Department of
2 Corrections or any officer of the Department of Corrections in
3 connection with a contract which is disclosed by any audit or
4 investigation.

5 The bill takes effect immediately upon enactment.