At its March 28th meeting, the Joint Legislative Budget Committee considered the following issues:

**Department of Corrections – Review of Requested Transfer of Appropriations** – The Committee gave a favorable review to a transfer of $3 million from the Private Prison Per Diem Special Line Item to the All Other Operating Expenditures Special Line Item for increased health care costs. The department had sought a $16 million transfer.

**Department of Corrections – Report on Public Private Bed Comparison** – The Committee received a report on the methodology that the Department of Corrections (ADC) uses for its statutorily-required public-private bed cost comparisons. ADC contracted with Maximus to review its methodology.

- Maximus observed that the current ADC methodology “does not enable the accurate comparison of ADC operated prison costs to private prison costs.” Maximus made recommendations for adjustments to make the comparison more accurate.
- Based on some of these recommendations, ADC produced a brief preliminary public-private comparison and found that the average daily per capita private bed cost was $5.59, or 12.8%, more expensive than public beds.
- While Maximus reviewed the ADC comparison and reported that it “reasonably presents” the difference in costs of public and private beds, it noted that additional adjustments were still necessary. Based on a “cursory review,” Maximus estimated that these further changes would increase the public bed daily cost by less than $2.
- Maximus also recommended that the public cost be adjusted for capital construction expenses, which is already reflected in the private vendor costs. While the model makes some adjustment for asset depreciation, this does not fully capture new construction costs. Making this capital adjustment will reduce or may eliminate the existing public-private differential.
- Maximus also suggested that ADC release a detailed methodology describing the process used to calculate costs of public and private beds.

The report was for information only and no action was taken by the Committee.