OFFICE OF POLICY AND MANAGEMENT

MEMORANDUM

TO: State Agency Heads
State Agency Chief Fiscal Officers

FROM: Benjamin Barnes, Secretary

SUBJECT: Policies and Procedures and Template for Cost-Effectiveness Evaluations of New or Renewed Privatization Contracts

DATE: September 29, 2014

According to Sub-section (p) of Connecticut General Statutes (CGS) Section 4e-16, effective October 1, 2014, State agencies, prior to entering into or renewing any privatization contract, shall evaluate such contract to determine if entering into or renewing such contract is the most cost-effective method of delivering such service. A privatization contract is defined as an agreement with a person or entity to provide services that are substantially similar to and in lieu of services provided, in whole or part, by State employees, with the statutes exempting certain contracts with nonprofit agencies.

State contracting agencies shall, according to Sub-section (p), perform such evaluation in accordance with a template prescribed by the Secretary of the Office of Policy and Management, which evaluation shall be subject to verification by the Secretary. **The template and the related policies and procedures can be found on OPM's website at http://www.ct.gov/opm/cwp.**

It is important to note that certain proposed privatization contracts will be subject to Sub-section (a) of C.G.S. Section 4e-16, which indicates that prior to entering into any contract for the privatization of a state service that is not currently privatized, the state contracting agency shall develop a cost-benefit analysis (CBA) in accordance with the provisions of subsection (b) of this section. Such cost-benefit analysis requirement shall not apply to a privatization contract for a service currently provided, in whole or in part, by a non-state entity. **If you or your staff have any questions regarding if a CBA may be required for a proposed privatization contract, please contact the OPM staff members listed below.**

You should ensure that staff members involved with contracting for your agency become familiar with this new requirement by reviewing the statute and the policies and procedures and the template contained in the link cited above. **You and your staff are also encouraged to contact any of the OPM staff members listed below with any questions or issues you may have regarding this new requirement and the policies and procedures and the template:**

Valerie Clark: Telephone: (860) 418-6313 E-Mail: valerie.clark@ct.gov
Alison Fisher: Telephone: (860) 418-6212 E-Mail: alison.fisher@ct.gov
Robert Dakers: Telephone: (860) 418-6422 E-Mail: robert.dakers@ct.gov

Thank you in advance for you cooperation with the continuing efforts to ensure that State services are provided in the most effective and efficient manner possible.

Cc: Karen Buffkin, Deputy Secretary, OPM
Robert Dakers, Executive Financial Officer, OPM
Paul Potamianos, Executive Budget Officer, OPM
Valerie Clark, Office of Finance, OPM
Alison Fisher, Office of Finance, OPM