


OFFICE OF POLICY AND MANAGEMENT  
MEMORANDUM

TO: State Agency Chief Fiscal Officers

FROM: Robert S. Dakers, Executive Financial Officer 

SUBJECT: Connecticut General Statutes (C.G.S.) Section 4e-16 Requirement Related to a Cost Effectiveness Evaluation or Cost-Benefit Analysis of Privatization Contracts

DATE: February 1, 2016

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This memorandum serves as a reminder that Subsection (p) of C.G.S. § 4e-16 requires that State agencies, as indicated in the attached September 29, 2014 memo from Secretary Barnes, conduct a cost-effectiveness evaluation (CEE) prior to entering into or renewing a privatization contract. As noted in Secretary Barnes' memorandum, a privatization contract is defined as an agreement with a person or entity to provide services substantially similar to and in lieu of services provided in whole or part, by State employees, with exemptions provided for certain contracts with nonprofit agencies. This requirement became effective October 1, 2014.

CEE's should be conducted in accordance with the policies, procedures and template on OPM's website located at <http://www.ct.gov/opm/cwp/view.asp?a=2978&q=553890>.

Please note if a State agency is seeking to procure a service through a statewide master privatization contract that is available for use by more than one agency that has a start date of October 1, 2014 or later, such agency shall undertake any evaluation required by Subsection (p) prior to issuing a purchase order against such privatization contract. In addition, State contracting agencies may have a number of contracts that are substantially similar to one another. In such cases, the cost evaluation required by Subsection (p) may, as appropriate, be done on such contracts as a group or with respect to one or more representative contracts. Such an approach, however, may only be taken to the extent that it provides a reasonable method of comparing if privatization contracts are the most cost effective method of delivering the service. In addition, such cost evaluations must have been completed no more than 12 months prior to the proposed start date of the new or renewed contract.

Finally, as stated in Secretary Barnes' memorandum, prior to contracting for a service not currently privatized by State government, a State agency may be required to perform a Cost-Benefit Analysis (CBA) in accordance with Sub-section (b) of C.G.S. § 4e-16. Information in this regard can also be found on OPM's website at <http://www.ct.gov/opm/cwp/view.asp?a=2978&q=566490>.

If you or your staff have any questions or need any clarification regarding the requirements related to the need for and processes related to either a CEE or CBA for a new or renewed privatization contract, please contact:

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

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

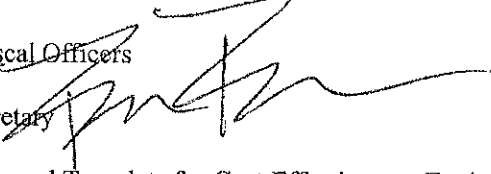
Attachment

Cc: Benjamin Barnes, Secretary of OPM  
Susan Weisselberg, Deputy Secretary, OPM  
Natalie Wagner, Undersecretary, Legal Affairs, OPM  
Gareth Bye, Legal Affairs, OPM  
Paul Potamianos, Executive Budget Officer, OPM  
Valerie Clark, Office of Finance, OPM  
Alison Fisher, Office of Finance, OPM

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

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

Thank you in advance for your 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