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**OFFICE OF POLICY AND MANAGEMENT**

**MEMORANDUM**

TO: State Agency Heads

State Agency Chief Fiscal Officers

FROM: Robert S. Dakers, Executive Financial Officer

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

DATE: January , 2016

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This memo serves as a reminder that Sub-section (p) of CGS 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’ memo, 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. These evaluations should be conducted in accordance with the policies and procedures

and template located on OPM’s website located at <http://www.ct.gov/opm/cwp/view.asp?a=2978&q=553890>.

As also stated by Secretary Barnes’ memo, 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 CGS 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:

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

Cc: Susan Weisselberg, Deputy Secretary, OPM

Natalie Wagner, Undersecretary, Legal Affairs, OPM

Paul Potamianos, Executive Budget Officer, OPM

Valerie Clark, Office of Finance, OPM

Alison Fisher, Office of Finance, OPM