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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

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A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT - PRIVATIZATION OF STATE SERVICES

Introduced By: Representatives Serpa, Ackerman, Fellela, Messier, and Canario

Date Introduced: January 15, 2015

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 42-148-3 of the General Laws in Chapter 42-148 entitled
2 "Privatization of State Services" is hereby amended to read as follows:

3 **42-148-3. Preclosure analysis.** -- (a) Prior to the closure, consolidation or privatization
4 of any state facility, function or program, the director of administration or his or her designee,
5 shall conduct a thorough cost comparison analysis and evaluate quality performance concerns
6 before deciding to purchase services from private vendors rather than provide services directly.

7 (b) The director of administration shall notify the bargaining representatives of state
8 employees who will be directly impacted by a potential privatization in writing at least six (6)
9 months in advance of its consideration of privatizing a state service and complete the following
10 process:

11 (i) Document the current in-house costs of providing the services with a detailed budget
12 breakdown. The in-house cost shall include any department overhead and other costs that would
13 continue even if the service was contracted out.

14 (ii) Prepare a statement of work and performance standards which shall form the basis
15 for the requests for proposals and which shall include the following:

16 (A) A clear statement of work with measurable performance standards including
17 qualitative as well as quantitative standards that bidders must meet or exceed;

18 (B) Requirements that contractors meet affirmative action, disability and other

1 nondiscriminatory and service standards currently required of state agencies.

2 (C) A clear format that will enable comparison of competitive bids and in-house bids.
3 The format must require detailed budget breakdowns.

4 (c) Prior to the issuance of the RFP current public employees must be notified of the
5 intent to solicit bid proposals and of the decision timeline. Additionally, at least sixty (60)
6 calendar days prior to the issuing of a request for proposals, the cost analysis and statement of
7 work shall be sent to the bargaining representatives of state employees who will be directly
8 impacted by a potential privatization.

9 (d) Prior to, or up until the time when a prospective offeror is required to submit to the
10 state a proposal for a privatization contract, directly impacted state employees and their
11 bargaining representatives shall be afforded an opportunity to present a new cost estimate,
12 reflecting any innovations that they could incorporate into the work performance standards. This
13 new cost estimate shall be deemed an in-house bid, which shall form the basis for the eventual
14 cost comparison. The director shall provide technical and informational assistance to the in-house
15 state work group in its preparation of an in-house bid.

16 (e) Prior to or at any time before or after the normal procurement process, the director
17 may elect to accept the in-house bid or proceed with the normal procurement process which must:

18 (i) Incorporate the statement of work and performance standards, and

19 (ii) Require bidders to meet the same statement of work performance standards as would
20 be expected by an in-house cost estimate; and

21 (iii) Include bid forms requiring a sufficiently detailed breakdown of cost categories to
22 allow accurate and meaningful comparisons, if applicable.

23 (f) The in-house bid developed pursuant to subsection (d) of this section shall be kept
24 confidential from bidders.

25 (g) Any for-profit or nonprofit entity providing, by contract, mental health services,
26 healthcare services or similar services to the State of Rhode Island regarding developmentally
27 disabled, the elderly or youth shall provide a list of the line item accounting of the ten (10)
28 highest paid administrative/director/CEO salaries, costs, benefits, and any and all forms of
29 compensation provided to those individuals in the organization with the contract. Other sources of
30 funding, including fundraising, endowments, trusts, memorial giving and/or any and all activities
31 that fund the agency shall be included in the disclosure. The bureau of audits will be responsible
32 for developing the format for reporting which shall be completed by the agency and submitted to
33 the bureau by January 15 of each year.

34 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT - PRIVATIZATION OF STATE
SERVICES

- 1 This act would require entities providing certain social services to the state to disclose the
- 2 sources of funding which provide salaries for top administrators.
- 3 This act would take effect upon passage.

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