



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration
BUDGET OFFICE
One Capitol Hill
Providence, R.I. 02908-5886

Memorandum

To: Department Directors and Agency Heads

From: Rosemary Booth Gallogly
Executive Director/State Budget Officer *RBG*

Date: June 7, 2007

Subject: Privatization Contracts, Additional Instructions

On May 24, 2007, the Budget Office requested information from your agency concerning "privatization contracts" in accordance with R.I. Gen. Laws 37-2.3 et seq. entered into between the effective date of this statute, June 23, 2006, and the time of your budget submission. Please refer to that request for background information.

In summary, we were requesting certain details of all privatization contracts, including: the number, vendor, duration, cost, type and position details for each contract.

In order to be compliant with the Act's requirements, you need to identify all contracts for services that are:

1. In the amount of \$100,000 or more; **and**
2. Entered into after June 23, 2006 and before submission of your 2008 budget request; **and**
3. For private services which, prior to June 23, 2006, were substantially similar to and in lieu of the services performed by a regular agency employee.

Upon review, we are **expanding** those instructions to clarify that:

4. In addition to replacing services provided by actual employees prior to June 23, we will identify any services provided by state employees for which **additional effort** has been obtained from a private contractor. For example, if six state employees are staffing a service center, and four contractors were added providing similar services to staff a surge in demand, these contracts will be reported, but again, only for arrangements initiated after June 23, 2006.
5. The addition of contractors to provide expertise that did not previously exist does not require reporting. For example, the addition of a certified actuary when current staff included budget analysts and accountants would not require reporting.

6. **Smart Staff, MPA, or Legal Counsel** arrangements are to be reported, if they trigger the criteria in 1, 2, 3 and 4 above.
7. Smart Staff and MPA arrangements are to be reported by the **expending entity**. Although DOA is the nominal purchasing entity, only the consuming agency can provide the information necessary to comply with the reporting statute.

Please send any additional information necessitated by complying with 4, 6, or 7 above to me, if any, by Thursday, June 24 related to "privatization contracts". If you have any questions concerning compliance with the Act, please do not hesitate to call.

Please note, that in addition to this current request, the same contracts identified above will require reporting to the Secretary of State pursuant to RIGL 42-90-1(b) for actual expenditures for the entire period of FY 2007, again for contracts initiated after June 23, 2006. We will note this in the budget instructions, with a due date of September 15, in concurrence with the budget request deadline.

RBG:sm07-36

cc: Claire Richards, Office of the Governor
Agency Chief Financial Officers