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# STATE OF COLORADO

## EXECUTIVE CHAMBERS

136 State Capitol  
Denver, Colorado 80203-1792  
Phone (303) 866-2471



February 24, 1989

Roy Romer  
Governor

Department Executive Directors  
Governing Boards of Higher Education

By Executive Order dated February 5, 1988, I established the Commission on Privatization. This Commission was charged with the task of establishing criteria for the evaluation as to whether certain government services could be privatized and policy guidelines for evaluating privatization proposals it receives. The Commission has completed this phase of their work and their approved policies and guidelines are incorporated in the attached Executive Order.

The concept of privatizing government services has a place in our overall strategy to make state government as productive as possible. Privatization, however, can only be selectively implemented in light of the responsibilities and legal restrictions placed upon state departments and agencies. The criteria set forth by the Commission are sensitive to these factors. The process outlined in my attached Executive Order will require considerable effort on your part to evaluate current services in regard to the Commission's criteria. This effort is critical however to an honest, thorough appraisal of the scope of activity for which privatization may prove to be a viable alternative.

In our efforts to use the limited financial resources of our state as cost effectively as possible, privatization must be fully explored and implemented where prudent and productive. The Office of State Planning and Budgeting serves as staff to the Commission on Privatization. Any questions regarding the process outlined in the Executive Order should be directed to that office.

Sincerely,

  
Roy Romer  
Governor

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Roy Romer  
Governor

EXECUTIVE ORDERSTATE PRIVATIZATION REVIEW

- WHEREAS, the State of Colorado has limited financial resources accompanied by increasing demands for services;
- WHEREAS, the State is committed to providing cost-effective services and the private sector may be able to provide certain of these services for less cost;
- WHEREAS, the Commission on Privatization was established by Executive Order dated February 5, 1988 to establish criteria to be used to evaluate privatization proposals by the state or the private sector;
- WHEREAS, the Commission has established policy guidelines to evaluate proposals for privatization it receives;
- WHEREAS, the State can benefit by applying those guidelines to all its services in order to determine which should be further evaluated for possible privatization; and
- WHEREAS, the services which are identified by application of the policy guidelines for further evaluation will require a detailed cost analysis to determine whether the service can be provided by the private sector at less cost.

NOW, THEREFORE, I, Roy Romer, Governor of the State of Colorado, under the authority vested in me under the Constitution and the laws of the State of Colorado order:

1. All departments of state government, except for the Departments of Law, State and Treasury, shall review their services in order to determine which services could be considered for possible privatization. This review shall be implemented by the executive directors of the departments in two phases. The first phase shall identify services for further review by applying the guidelines contained below in paragraphs three and four. The second phase shall be a detailed cost analysis.

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2. Each executive director shall appoint an assessment committee to complete this first phase. The committee shall include managers and employees of the department and shall assess all services of the department, including, as applicable, the same service provided in different geographic areas. In the event that an assessment committee is unsure as to the appropriateness of a given service, that committee shall, in writing, request the Commission on Privatization to provide them with a recommendation.
3. The following guidelines should be used by the assessment committees to identify services which are not appropriate for privatization:
  - a. Core functions of government, including policy making or enforcement functions, exercise of discretionary authority or police powers, and/or routine use of or access to confidential information.
  - b. Services which are not readily available from the private sector, including private not-for-profit organizations.
  - c. Services which cannot be efficiently measured as to cost, quality, process and outcomes.
  - d. Services to whose privatization there are currently legal barriers which cannot readily be modified.
  - e. Services whose privatization would adversely affect existing state employees, unless there are means available to mitigate those effects.
4. The following guidelines should be used by the assessment committees to identify services which are appropriate for privatization:
  - a. Services and functions which are new or which lack a long tradition of public provision.
  - b. Services which are seasonal, which involve fluctuating activity levels or which are sporadic in nature.
  - c. Services which are essentially commercial in nature and for which there are providers readily available.

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- d. Any partial or complete services, situations or geographic areas in which significant costs savings or enhanced efficiency and/or effectiveness can be achieved by acquiring or providing a service from or through the private sector, including private not-for-profit organizations.
5. The assessment committees shall forward their analyses and recommendations on which services are appropriate for further evaluation to the executive director of the department and to OSPB no later than June 1, 1989.
6. No later than July 1, 1989 OSPB shall prepare detailed instructions to the departments on review processes and cost comparisons to be used for the second phase of evaluation. OSPB shall consult with the Commission on Privatization in preparing these instructions. All departments shall begin cost evaluations no later than July 1, 1989; these evaluations shall be completed in accordance with a timetable established by OSPB.
7. In the event that the cost evaluation should lead to a recommendation by an executive director to privatize a service, it should be forwarded to the Commission on Privatization for review and recommendation to the Governor.

GIVEN under my hand and the Executive  
Seal of the State of Colorado,  
this 24th day of February, 1989.

  
Roy Romer  
Governor

