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HOUSE JOINT MEMORIAL 71

42ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 1996

INTRODUCED BY

PATSY G. TRUJILLO

A JOINT MEMORIAL

REQUESTING A STUDY OF ISSUES ASSOCIATED WITH THE PRIVATIZATION
OF PUBLICLY PROVIDED SERVICES AND THE CONTRACTING-OUT OF PUBLIC
SERVICES.

WHEREAS, privatization involves services local and state
governments should be or are providing in their respective
jurisdictions that are or could be transferred to the private
sector; and

WHEREAS, contracting-out is more limited than privatization
and focuses on whether public services should be produced by a
public work force or by private agents; and

WHEREAS, issues associated with privatization and
contracting-out are important to the state; and

WHEREAS, decisions whether to privatize or contract-out are
more complex than a simple matter of technical economic

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1 efficiency because many factors are involved; and

2 WHEREAS, public services for which privatization and
3 contracting-out have been used in other states include fire
4 protection, prison construction and operation, social services,
5 road maintenance and repair and vehicle maintenance; and

6 WHEREAS, New Mexico has considered contracting-out to a
7 limited extent, and Section 33-1-17 NMSA 1978 contains
8 provisions for the contracting-out of certain prison operations
9 and attempts to secure the right of persons employed by a prison
10 facility to be first employed by the private operator in the
11 event that the operation of a prison facility is contracted-out;
12 and

13 WHEREAS, numerous far-reaching and complex issues arise in
14 the consideration of privatization and contracting-out, which
15 issues are usually characterized in terms of costs, including
16 direct costs, indirect costs and social costs; and

17 WHEREAS, direct and indirect costs include salaries, fringe
18 benefits, supplies, utilities and insurance, capital facilities
19 and equipment, overhead and general and administrative expenses;
20 and

21 WHEREAS, neither a single nor uniform methodology exists by
22 which cost comparisons are or can be made, and even strictly
23 economic comparisons of private versus public provision of
24 services can be difficult; and

25 WHEREAS, social costs necessarily deal with intangibles

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1 such as equity, participation and accountability losses and are
2 difficult, if not impossible, to quantify; and

3 WHEREAS, decision-making for the privatization of or the
4 contracting-out of public services to and for the residents of
5 New Mexico, including decisions about prisons made pursuant to
6 Section 33-1-17 NMSA 1978, best serves the public interest if it
7 fully considers all costs, direct, indirect and social,
8 associated with and potentially incurred from the privatization
9 or the contracting-out; and

10 WHEREAS, the legislative council service and the
11 legislative finance committee staff provide research and
12 evaluative assistance on various topics of special interest to
13 the legislature;

14 NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATURE OF THE
15 STATE OF NEW MEXICO that a study be conducted under the
16 supervision of the legislative council service, in conjunction
17 with the legislative finance committee and appropriate state
18 agencies, to evaluate appropriate factors and methodologies to
19 establish a procedure and guidelines governing decisions by
20 state agencies to privatize or contract-out; and

21 BE IT FURTHER RESOLVED that the legislative council service
22 present its findings and appropriate recommendations to the
23 first session of the forty-third legislature; and

24 BE IT FURTHER RESOLVED that copies of this memorial be
25 transmitted to the directors of the legislative council service

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1 and the legislative finance committee and to the director of the
2 purchasing division of the general services department, the
3 chairman of the personnel board and the secretaries of taxation
4 and revenue and finance and administration.

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State of New Mexico House of Representatives

FORTY- SECOND LEGISLATURE

SECOND SESSION, 1996

February 12, 1996

Mr. Speaker:

**Your RULES AND ORDER OF BUSINESS COMMITTEE, to
whom has been referred**

HOUSE JOINT MEMORIAL 71

**has had it under consideration and finds same to be
GERMANE in accordance with constitutional provisions.**

Respectfully submitted,

Barbara A. Perea Casey,

Chairperson

Adopted _____

Not Adopted _____

(Chief Clerk)

(Chief Clerk)

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Date _____

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4 The roll call vote was 10 For 0 Against

5 Yes: 10

6 Excused: Lujan, Olguin, Rodella, R. G. Sanchez, S. M Williams

7 Absent: None

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**State of New Mexico
House of Representatives**

FORTY- SECOND LEGISLATURE
SECOND SESSION, 1996

February 13, 1996

Mr. Speaker:

Your CONSUMER AND PUBLIC AFFAIRS COMMITTEE, to
whom has been referred

HOUSE JOINT MEMORIAL 71

has had it under consideration and reports same with
recommendation that it DO PASS.

Respectfully submitted,

Gary K. King, Chairman

FORTY-SECOND LEGISLATURE
SECOND SESSION, 1996

HCPAC/HJM 71

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Adopted _____ Not Adopted _____

(Chief Clerk) (Chief Clerk)

Date _____

The roll call vote was 7 For 0 Against

Yes: 7

Excused: Abeyta, Charley, Sandel, Vigil

Absent: None

HJ071CP1

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