

**44TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION,
2000**

INTRODUCED BY

Manny M. Aragon

A JOINT MEMORIAL

REQUESTING STATE AGENCIES AND THE LEGISLATIVE FINANCE
COMMITTEE TO STUDY ALL PRIVATIZATION PROPOSALS OF STATE
GOVERNMENT.

WHEREAS, privatization of government services should not
be undertaken solely to shrink the size of government; and

WHEREAS, privatization should only be considered after
careful thought and assurances that the cost of providing
services will be significantly less and citizens will benefit
significantly more than being served by a state agency; and

WHEREAS, as part of the cost-benefit analysis, a state
agency should consider the effects of privatization on state
employees, local governments and other entities and on
existing service contracts; and

WHEREAS, state agencies are constrained in their ability
to privatize in that they cannot constitutionally or

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1 statutorily delegate their authority and responsibility,
2 including their authority to determine policy;

3 NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATURE OF THE
4 STATE OF NEW MEXICO that each state agency that considers
5 privatization of an activity perform a cost-benefit analysis
6 and evaluate its proposal in light of:

7 A. the potential one-time and annual recurring
8 savings, and whether those savings are substantial enough to
9 warrant privatization;

10 B. the potential market for the activity;

11 C. relative strengths and weaknesses of
12 governmental and private sector customer service and client
13 protection mechanisms;

14 D. the effect of possible reduced service delivery
15 on the citizens of New Mexico;

16 E. the effect on unemployment in an area and the
17 state, including number and effects of displacement on state
18 workers;

19 F. the effect on local governments and existing
20 contractors; and

21 G. other pertinent fiscal and socioeconomic
22 factors; and

23 BE IT FURTHER RESOLVED that the state budget division
24 and the management and contracts review bureau of the
25 department of finance and administration, and the state
 purchasing division as applicable, evaluate any privatization
 proposals to ensure that the state agency's authority,

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1 responsibility or policy-making functions are not being
2 delegated; and

3 BE IT FURTHER RESOLVED that the state agency provide
4 copies of its cost-benefit analysis to the legislative
5 finance committee for review before taking action to
6 privatize an activity; and

7 BE IT FURTHER RESOLVED that copies of this memorial be
8 transmitted to the legislative finance committee for
9 appropriate distribution.

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