

Carcieri refocuses on privatization plans

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The governor is set to confront a law that applies oversight and reporting requirements before any privatization of state services occurs.

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A day after his office acknowledged that a sweeping plan to privatize state services was largely dead, Governor Carcieri yesterday reversed course and said he would use "every legal means necessary to push forward" on plans to replace state employees with private workers across state government.

"If necessary, we will jump through every hoop and we will fight the inevitable court challenges," Carcieri said in a statement. "Let me be clear: I will not be deterred from my responsibility as governor to do everything possible to solve Rhode Island's budget problems."

The governor's office had worked much of the year to privatize dietary and housekeeping services at the state-run Eleanor Slater Hospital and the state veterans' home - a proposal he said would save \$13 million over the next five years. And earlier in the month, Carcieri announced that he would expand privatization efforts to "every state service that could possibly be performed more efficiently by the private sector."

But the General Assembly passed a law last week tied to the state budget that applies strict oversight and reporting requirements before any privatization effort can go forward. The provision - put forth by Rep. Charlene Lima, D-Cranston, every year for the past 13 years without success - was introduced near midnight during a marathon House session. It became law last week when the General Assembly overrode the governor's budget veto.

While Lima said she was not trying to block the governor's privatization plans, the governor's office largely interpreted the law as doing just that - until yesterday's reversal.

"This budget provision clearly makes significant progress on privatizing state services nearly impossible over the next couple of years," Carcieri spokesman Jeff Neal said on Wednesday. "Bringing competition to the delivery of state services is one of the key ways Rhode Island will be able to fix its budget problems. Unfortunately, it appears that solution is off the table now."

But after Neal's comments appeared in yesterday's Journal, the governor issued a statement suggesting that privatization is back on the table.

What changed over the course of one day?

"Yesterday we were still evaluating the situation," Neal said. "There is no doubt that the Democratic General Assembly and the unions have made saving taxpayer money monumentally more difficult, but Governor Carcieri is up for the challenge."

When pressed on what the governor's next step would be, Neal would only say, "We are not counting out any options."

He acknowledged that if the administration did indeed want to pursue privatizing services at state-run hospitals, it would have to start the bid process over in accordance with the new law. As of July 1, the privatization law requires the director of administration to conduct an in-depth cost-benefit analysis 60 days prior to requesting bids from private companies.

Based on the analysis, current employees and their union representatives would first be given a chance to "present new cost estimates" for their own work, "reflecting any innovations that they could incorporate"

The law prohibits the director of administration from awarding a contract to a private firm unless "the savings to the state is substantial," although it does not define "substantial" savings. And it gives "affected parties" - program recipients, state employees or unions - 60 days to appeal any privatization decision to a Superior Court judge.

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Abstract (Document Summary)

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