



Privatization

The League's Position

Statement of Position on Privatization as announced by the national board in June 2012:

The League of Women Voters of the United States believes that when governmental entities consider the transfer of governmental services, assets, and/or functions to the private sector, the community impact and goals of such transfers must be identified and considered. Further, the League believes that transparency, accountability, and preservation of the common good must be ensured.

The League believes that some government-provided services could be delivered more efficiently by private entities; however, privatization is not appropriate in all circumstances. Privatization is not appropriate when the provision of services by the government is necessary to preserve the common good, to protect national or local security or to meet the needs of the most vulnerable members of society. While the League recognizes that the definition of core government services will vary by level of government and community values, services fundamental to the governance of a democratic society should not be privatized in their entirety. These services include the electoral process, justice system, military, public safety, public health, education, transportation, environmental protection, and programs that protect and provide basic human needs.

The decision to privatize a public service should be made only after an informed, transparent planning process and thorough analysis of the implications of privatizing service delivery. While specific criteria will vary by service and local conditions, the League believes the following considerations apply to most decisions to transfer public services, assets, and functions to the private sector:

- Ongoing and timely communication with stakeholders and the public.
- Statement of the circumstances as they exist and what is to be gained.
- Definition of the quality, level, and cost of service expected.

- Assessment of the private market— whether there are providers to assure competitive pricing and delivery (in some cases there may not be multiple providers if a service is so specialized (e.g., high-tech, airports).
- Cost-benefit analyses evaluating short- and long-term costs of privatization, including the ongoing costs of contract administration and oversight.
- An understanding of the impact on customers, the broader community, environment, and public employees.
- An open, competitive bidding process with clearly defined criteria to be used in selecting a contractor.
- A provision and process to ensure the services or assets will be returned to the government if a contractor fails to perform.
- A data-driven selection of private entities whose goals, purposes, and means are not incompatible with the public well-being.
- The careful negotiation and drafting of the controlling privatization contract.
- Adequate oversight and periodic performance monitoring of the privatized services by the government entity to ensure that the private entity is complying with all relevant laws and regulations, contract terms and conditions, and ethical standards, including public disclosure and comment.

The League believes that the enactment of state laws and issuance of regulations to control the process and delivery of privatization within a state’s jurisdiction is often appropriate and desirable. Best practices for government regulation of the privatization process should include the following requirements:

- An open process that allows for citizen input and oversight in a timely manner.
- A reasonable feasibility study and project evaluation appropriate to the size and scope of the project.
- The establishment of carefully crafted criteria for selection of the private entity (beyond the lowest-cost bid).
- Additional consideration for local bidders in order to support the local economy.
- The retention of liability and responsibility with the government entity.
- Allowance for and promotion of opportunities for innovation and collaboration.
- Provision for employment, benefits, and training plans on behalf of employees displaced as a result of privatization.