

# In the **Public Interest** — *Privatization Resources* —

*In the Public Interest* is a comprehensive non-profit resource center on privatization and responsible contracting. The resources below are produced by ITPI, members of the ITPI Scholars Network and other close allies. The publications are intended to provide educational information and inform winning campaigns to ensure that public services and assets are publicly controlled and contracts with private entities are transparent, accountable, effectively monitored, and that those contracts meet the long-term needs of communities.

To receive an electronic copy of this guide or PDFs of any of these resources, please email Tory Brown, ITPI's Director of Outreach and Organizing, at [tbrown@inthepublicinterest.org](mailto:tbrown@inthepublicinterest.org)

## Responsible Contracting

### **Shift: How Taxpayers Began Reclaiming Control of their Public Services**

In 2014, nineteen states saw action to curb the reckless outsourcing of public services, and four states so far have signed responsible contracting measures into law. This legislative recap includes a chart and map showing the legislative shift.

### **The Taxpayer Empowerment Agenda**

The Taxpayer Empowerment Agenda is a package of legislative proposals to help taxpayers reclaim control of our democracy.

## Backgrounders and Campaign Tools

### **Ask the Right Questions Before Privatizing**

This brief handout lists ten simple questions that public officials, advocates and the media should ask -- and get answers to -- before any final privatization decision is made. It's a test to see if these deals will help, or hurt, the public interest.

### **Privatization Myths Debunked**

This backgrounder lists the 7 most common myths about government outsourcing and provides research data and anecdotal evidence that dispels misinformation and outlines the true costs and risks associated with privatizing public services and assets.

### **The High Costs of Privatization**

This backgrounder brief provides examples of recent research that examine the costs associated with privatization, share experiences from cities and states, and conclude with an overview of the various types of costs that make privatization a risky and expensive gamble.

### **Backgrounder Brief: Insourcing**

This backgrounder brief provides examples of cases where, when cost savings aren't realized or service quality declines, many governmental entities are turning to "insourcing." It explains the benefits of insourcing and addresses examples from multiple levels of government across a wide array of sectors including corrections, water, IT services, and more.

### **Six Reasons Why Government Contracting Can Negatively Impact Quality Jobs and Why it Matters for Everyone**

This paper summarizes recent research that shows how the public sector provides quality middle-class jobs, and describes how government privatization eliminates these good jobs without much savings to the taxpayer, and increases inequality, which is costly - today and in the future.

*Note: Message research available on request ([tbrown@inthepublicinterest.org](mailto:tbrown@inthepublicinterest.org))*

## **ITPI Reports: Outsourcing Failures**

### **Standing Guard: How Unaccountable Contracting Fails Governments and Taxpayers**

Recent research and numerous examples illustrate why contract oversight often falls short. This report discusses common problems and the real world consequences of lax oversight, and provides policy recommendations to help cities and states improve their oversight of government contracts. The appendix provides additional examples of recent government contract problems not included in the report.

### **Race to the Bottom: How Outsourcing Public Services Rewards Corporations and Punishes the Middle Class**

While corporations rake in increasing profits through taxpayer dollars and CEO compensation continues to soar, this report shows that workers employed by state and local government contractors often receive low wages and few benefits.

### **Out of Control: The Coast-to-Coast Failures of Outsourcing Public Services to For-Profit Corporations**

This report serves as a cautionary tale for lawmakers and taxpayers alike as policymakers continue to consider outsourcing proposals across the country. Unfortunately for taxpayers, not only has outsourcing critical public services and assets to for-profit corporations failed to keep the promise of doing the job better, faster and cheaper, but too often privatization undermines transparency, accountability, shared prosperity and competition – the underpinnings of democracy itself.

### **Floodlights Instead of Flashlights: Sunshine Laws Out of Step with Government Contracting Leaves Public and Lawmakers in the Dark**

This report explores the real-world consequences of privatization on government transparency and the public's access to information. The research shows that the increasing use of government contractors at all levels of government to perform public functions is limiting our ability to acquire important public information.

## **Overlooking Oversight: A Lack of Oversight in the Garden State is Placing New Jersey Residents and Assets at Risk**

*Janice Fine, Patrice Mareschal, David Hersh, and Kirk Leach, Rutgers University, 3/13/14*

This report is a first-of-its-kind review of New Jersey's structure and capacity to provide oversight of third-party contractors. The research strongly suggests that government capacity to provide adequate and effective oversight has dwindled due to numerous factors and this report recommends a redesign of the state's contracting process to include the requirement of sufficient resources, new contract management requirements, greater transparency, and the development of appropriate data systems.

## **The Decision to Contract Out: Understanding the Full Economic and Social Impacts**

*Daphne Greenwood, University of Colorado, Colorado Springs, 3/13/2014*

While many studies have examined the risks to government in contracting (such as uncertainties about costs or quality) there has been less attention to the broader social and economic effects of contracting. To understand the impacts on local economies and communities, this report goes beyond the net fiscal impact on governments to the larger question of how changes affect citizen well-being.

## **Looting the Urban Commonwealth: Privatization and the Politics of Austerity**

*Elliott Sclar, New Labor Forum, 8/16/2013*

This article, originally published in the New Labor Forum, outlines common pitfalls in privatization, analyzes the structural causes for the continued efforts to increase the rate of outsourcing and provides a promising way forward in creating community and labor coalitions to reframe the fight against privatization and public sector asset-stripping.

# **Infrastructure Privatization**

## **Infrastructure Justice: Building Equity into Infrastructure Financing**

This backgrounder provides a number of principles and policy recommendations that are critical to ensuring Public Private Partnerships (commonly referred to as P3s) are structured as truly win-win-win propositions for taxpayers, investors and the project workforce.

## **A Guide to Evaluating Public Asset Privatization**

In any proposed asset privatization deal, there are key questions that should be asked by those who want to ensure that the public interest is protected and advanced. This guide that gives basic information about asset privatization deals, and provide examples of important questions that should be asked and explored when faced with a proposed privatization effort.

## **Infrastructure Privatization Contracts and Their Effect On Governance**

*Ellen Dannin, Pennsylvania State University, 7/10/2009*

This report by Professor Ellen Dannin from the Dickinson School of Law examines the role of public access in developing contracts for infrastructure and how the process functions in general by focusing on three kinds of provisions commonly found in infrastructure contracts.

### **Private Equity, Public Inequity**

*Food and Water Watch, 8/27/2012*

This fact sheet discusses the push for water privatization, identifies some of the key problems with private equity takeovers of water systems, and offers several alternative solutions for communities dealing with fiscal crisis.

### **The Political-Economics of Private Infrastructure Finance: The New Sub Prime**

*Elliott Sclar, The Earth Institute at Columbia U., 10/1/2009*

This report by Elliott Sclar, prepared for the Annual Meeting of the Association of Collegiate Schools of Planning, explores the long-term implications of a new political economy of public-private finance for sustainability, social equity and economic efficiency through a review of recent experiences.

## **Education Privatization**

### **Making the Grade? Questions to Ask About School Services Privatization**

This guide provides important questions that decision makers should consider when faced with a privatization proposal. Advocates, including school service personnel, teachers, parents, and members of the community can use these questions to ensure that decision makers keep students' and the broader district's best interest at the heart of these conversations. These questions can be helpful to use during meetings with school administrators, in testimony at school board hearings, and even in meetings with allies to draw attention to problems with a proposed privatization initiative.

### **Cashing in on Kids**

Cashing in on Kids, a joint project of ITPI and AFT, conducts research and public education programs designed to help ensure that public schools put the students' interest above corporate interests that are increasingly taking control of public education policy and institutions. The website includes examples of charter schools, many of them run by for-profit companies, that lack critical elements of effective public control and, as a result, do a poor job of serving students and taxpayers, as well as provides examples of thoughtful education policies, good practices and effective schools.

### **Do Poor Kids Deserve Lower-Quality Education Than Rich Kids? Evaluating School Privatization Proposals in Milwaukee, Wisconsin**

*Gordon Lafer, Economic Policy Institute, 4/24/2014*

This report found that charter privatization proposals are driven more by financial and ideological grounds than by sound pedagogy.

### **AAPS and the Privatization of School Support Functions: Lessons Learned from Food Service**

*Roland Zullo, Institute of Labor and Industrial Relations, U. of Michigan, 3/1/2010*

This report describes how a policy decision to extend a management-only service contract to include staffing responsibilities affected the Ann Arbor Public Schools food service budget and operations.

## **All Costs Considered: A NEW Analysis on the Contracting Out of School Support Services in Oregon**

*Dr. Lafer and Dr. Bussel, Labor Education and Research Center, U. of Oregon, 2/2008*

This follow-up study focuses on three school districts that contracted services in 2003. Since several years had elapsed since these districts shifted management and administration of school support services to private contractors, the authors were able to assess the long-term personal and social impact of privatization.

## **Privatized School Food Service and Student Performance in Michigan: A Preliminary Report**

*Roland Zullo, Institute of Labor and Industrial Relations, U. of Michigan, 2/2008*

This report analyzes Michigan school district data for the 2005-2006 school year to assess the association between private school food service management and the cost of meals, the level of classroom resources, and student performance on standardized tests. Results show that school districts that use private companies to provide food service generally fail to realize savings and that contracting out is associated with a reduction in standardized test scores.

## **Prison Privatization**

### **Criminal: How Lockup Quotas and "Low-Crime Taxes" Guarantee Profits for Private Prison Corporations**

This report discusses the use of prison bed occupancy guarantee clauses in prison privatization contracts and explores how bed occupancy guarantees undermine criminal justice policy and democratic, accountable government. The report sheds light on the for-profit private prison industry's reliance on high prison populations, and how these occupancy guarantee provisions directly benefit its bottom line. Also discussed are the prevalence of bed guarantee clauses, drawing on set of contracts that ITPI obtained through state open records requests. We also address how occupancy guarantees have harmed states, focusing on the experiences of Arizona, Colorado, and Ohio. The report also discusses the recommendation that governments can and should reject prison occupancy guarantees.

### **The Cost of Private Prisons**

The private prison industry claims that governments can save money by privatizing prisons, but what does the evidence actually indicate? This backgrounder summarizes recent research and state reports related to private prison costs, and then discusses some common, yet dangerously flawed and unsound tactics employed to make private prisons appear cost effective.

### **Essential Public Interest Protections for Prison Privatization Contracts**

This report includes a list of public protections that should be included in contracts when a state considers prison privatization. It examines crucial issues where a private company may have different goals and priorities than the public including costs, safety and monitoring, other services, non-compliance, contract cancellation, and transparency.

### **Prison Privatization Backgrounder Brief**

This backgrounder brief discusses findings from research related to prison privatization, shares experiences of states that have privatized prisons, and profiles a few of the major for-profit private prison operators.

## Other Areas of Privatization

### **Municipal Services Backgrounder Brief**

This backgrounder brief explores problems related to the privatization of municipal services, and provides examples of experiences from cities around the country that have considered or have privatized critical services. Specifically, this brief examines privatization in the following areas: park maintenance, street maintenance, garbage collection, building inspection, information technology, printing services, and "contract cities."

### **Better to Own or to Regulate? The Case of Alcohol Distribution and Sales**

*Roland Zullo, University of Michigan, 3/25/2014*

Alcohol-related income generation is compared across monopoly and license off-premise alcohol regulatory models in U.S. states, 1977-2010. The findings challenge the wisdom of asset divestment as a response to fiscal stress and contradict a central tenet of New Public Management (NPM) Theory.

### **Creating Scandals Instead of Jobs: The Failures of Privatized State Economic Development Agencies**

*Good Jobs First, 10/29/2013*

This report details the litany of scandals created by the advent of privatized state economic development agencies. Profiling privatization efforts in eight states, Good Jobs First discovered a laundry list of apparent pay-to-play, misspent tax dollars, cronyism, and other scandals.

### **Child Welfare Privatization and Child Welfare: Can the two be efficiently reconciled?**

*Roland Zullo, Labor Studies Center, University of Michigan*

This article discusses the use of private contractors to deliver child welfare services. It provides a historical context of child welfare beginning as a private system and its transformation into a public service. The article summarized existing literature and concluded there is no evidence child welfare privatization decreases costs though outsourcing does require additional state resources to monitor and administer the contract and increases the level of bureaucratic management tasks.

## American Legislative Exchange Council: Profiting from Public Dollars

### **Profiting from Public Dollars: How ALEC and Its Members Promote Privatization of Government Services and Assets**

This report exposes ALEC's extensive privatization agenda by identifying ALEC model bills that promote the handing over of public services and assets to corporations, matching those model bills with related state legislation, drawing connections between those bills and lawmakers that are members of ALEC, and focusing on what ALEC corporate members stand to gain by promoting these laws.

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