



OLR RESEARCH REPORT

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Summary - Privatization of Southbury Training School

SUMMARY

Generally, "privatization" is broadly defined as the use of the private sector in government management and delivery of public services **as well as the sale of government assets to the private sector**. Among the various types of privatization are contracting, asset sale, service shedding, public-private partnerships and private donation.

In Connecticut, the transfer or conveyance of state property can only occur after the agency using it informs the commissioner of public works that it is no longer needed. The statutory process for disposing of surplus state property must be followed. It includes;

- determining whether the Department of Housing or other state agencies have a use for the property,
- notifying the town in which it is located and allowing the town the right of first refusal,
- then offering it for sale to other parties
- General Assembly Conveyance Legislation

Generally, a sale of Southbury Training School to a private group would have to follow this procedure. Another way to convey state real property is for the legislature to enact special purpose legislation authorizing it. Such legislation would be referred to the Government Administration and Elections Committee.

PRIVATIZATION

Background

The term "privatization" is defined in a variety of ways. It can mean the transfer of government assets or functions to the private sector; the shifting of government services and state enterprises to private sector owners and/or suppliers; or a shift from publicly to privately produced goods and services.

Privatization can take several forms with the following those basically used or available to state government: contracting, vouchers, grants and subsidies, franchise, asset sale, deregulation, volunteerism, private donation, public-private partnership, and service shedding.

Asset sale, service shedding and contracting are described below.

ASSET SALE - refers to the state selling or "cashing out" its assets to private firms or individuals to shift government functions to the private sector. This would involve a state selling state-owned surplus property to the private sector.

SERVICE SHEDDING - occurs when a state drastically reduces the level of a service or stops providing a service so that the private sector can assume the function. Some human services programs as well as recreational services in state parks have been considered as candidates for this type of privatization.

CONTRACTING - the state would enter into an agreement with a private firm, for profit or nonprofit, to provide goods or services. The state funds private provision of public services. Generally, contracting can be used for in-house and professional services, transportation, health care and social services, mental retardation and mental health, and employment and training.

SELLING OF SOUTHBURY TRAINING SCHOOL – STATE PROCEDURES

There are basically six steps involved when the state decides to sell a property. The state must give the town in which a property is located the first chance to buy it, and only after the town decides not to buy can the state offer it to other parties. Then before the state actually sells or leases a property, it must notify the town.

The process operates as follows:

1. A state agency determines that it does not need land or buildings it controls. It simultaneously notifies the departments of Public Works (DPW) and Housing (DOH) (CGS § 4b-21(b)).
2. DOH determines whether the property can be used for an emergency shelter or transitional housing facility for homeless people or for housing for low and moderate income people. If the property can be used for these ends, the agency transfers custody and control to DOH (CGS § 4b-21(b)).
3. If DOH determines that the property cannot be used for this kind of housing, DPW surveys other state agencies to see if they can use it. If no one can, DPW declares the property surplus (CGS § 4b-21(b)).
4. If DPW decides to sell a surplus property, the state treasurer handles the transaction. He must give the town in which the property is located the right of first refusal. If the town does not want the property or cannot agree to terms with the state, the treasurer may then offer it to other parties. But he must re-offer it to the town on the same terms that he ultimately negotiates with a private buyer (§ 3-14b, 3-14e).
5. All sales must be approved by the secretary of the Office of Policy and Management (OPM), the State Properties Review Board, and the legislature's Finance, Revenue and Bonding and Government Administration and Elections committees. DPW must inform towns and the members of the General Assembly representing them of the pending sale before these bodies may approve it (§ 4b-21(b), (c)).
DOH uses the same procedures when selling a property that has been transferred to it with one additional condition, the property must be used for one of the approved types of housing. And the town must approve any conveyance, including leasing, before it can be approved by OPM, DPW, and the Properties Review Board.
6. If DPW decides to lease the property, it must notify the town and its legislators at least two weeks before OPM and the other bodies approve the lease. The notice must describe the lease arrangements and the use the lessee intends to make of the property (§ 4b-21(b)).

GENERAL ASSEMBLY CONVEYANCE LEGISLATION

Members of the General Assembly can sponsor bills to convey state property. These bills are referred to the Government Administration and Elections Committee and are subject to the same procedures as other legislation.

The committee requests that proponents of conveyance bills provide the following materials for its consideration:

1. an appraisal or preliminary estimate of the property's value;
2. a legal description of the property or a description which identifies the property;
3. the best available map of the property;
4. the costs, if any, that the state would incur if the property is conveyed;
5. the size of the property;
6. a description of the proposed use of the property and a statement as to whether the intended recipient of the property agrees to returning the property to the state if the specified use is not realized; and
7. a statement indicating whether the proposed recipient has tried to have the property conveyed through the administrative procedures described above.

If the General Assembly passes the conveyance bill, the transfer is made according to the conditions contained in the special act.

NOTE: This information may have been updated since the Office of Legislative Research Report was issued. Check for updates regarding this subject.