

Elected officials need to do a better job of asking the right questions before they make a decision that we'll live with for decades.

Too often, a mayor, governor or other public official proposes to sell off a public facility, privatize a public good or contract out a vital service, but fails to answer basic questions that decision makers and voters need to decide whether it's a good idea.

For example, former Chicago Mayor Richard Daley rushed the proposal to lease the city's parking meters for 75 years through the city council in just a few days after they (and the public) were given the details of the deal. Daley made the hard sell promising a buyer with \$1.15 billion to fill Chicago's budget hole if they acted quickly. Only after the deal was done and the dust settled did they learn that they sold nearly \$1 billion too cheaply and that they had given away their rights for 75 years to manage the city's traffic and land use to investment giants Morgan Stanley, Abu Dhabi Investment Authority and Allianz Capital Partners. *[Note: Daley just joined Katten Muchin Rosenman LLP, the law firm that negotiated the deal to privatize Chicago's parking meters.]*

There's an easy solution. Public officials, advocates and the media should ask these simple ten questions — and get the answers — before any final privatization decision. It's a test to see if these deals will help, or hurt, the public interest.

Ask the Right Questions Before Privatizing

1 Does the contract limit our democratic rights?

Buried deep in the contracts and long-term private highway or parking lot leases are so-called "non-compete" clauses and "compensation clauses" that limit or eliminate our ability — for decades — to make public decisions to improve our cities, our transportation systems and many other public services. Sell off the highway and the contract will prevent you from building mass transit that could compete with the private road operator — decades.

2 Will we still have the "Right To Know"?

The public often loses the right to know important details about public services when private contractors take over. Conservatives across the nation are publishing lists of "high paid" government workers as another tactic to turn voters against government. It's public information and the public does have the right to know. Privatize the health department, the library or the prison, and the CEO's salary — and lots more — becomes private and confidential.

3 Are there perverse incentives that could work against our public policy goals?

Private companies are focused on growing revenue, increasing market share and healthy "Return on Investment" for owners or shareholders. That's fine for the company that makes your breakfast cereal but privatization means that the goals of private interests may take precedence over the public good. For example, prison contracts are based on the number of full prison beds. So more people in prison is good for business — but may not be good for society.

4 How will we hold the contractors accountable to the public?

When public agencies don't have enough staff to regularly monitor the contracts, the public loses. Anyone who contracts for services — whether Boeing subcontracting the manufacture of jet components, a city contracting for tree trimming in public parks or a family hiring a contractor to expand the size of their kitchen — knows that if you don't watch the contractor closely, you get cost overruns, missed deadlines and mistakes.

5 Do we have a Plan B?

Contractors that fail to deliver costs taxpayers millions when contracts have to be cancelled. Legal fees and overtime for public workers or back-up contractors do fix problems add up. And, once a public agency downsizes the front line workers that know how to do the work, it takes time to re-create an in-house team with experience and expertise.

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6 Will all the outsourced jobs have health care benefits?

Privatization proponents frequently promise cost savings that come from turning jobs with health benefits into ones that don't have health care. That's irresponsible and simply shifts costs to someone else — usually the taxpayers or local hospital emergency rooms.

7 If a private company thinks they can make money owning our parking lots, why can't we?

Desperate for cash, cities and states are selling off assets and programs that are actually money makers. Former California Governor Schwarzenegger proposed selling and leasing back state buildings that were free of debt and local governments are selling landfills and privatizing recycling programs that generate revenue for cash strapped cities and counties.

8 What are the limits on the private contractor's ability to raise fees, tolls or rates?

Public officials think that they don't get blamed when the private contractor raises rates. They're wrong. Private companies take over and raise rates to meet their financial projections. The result is that we pay higher fees, and the private company gets the money. If we have to raise rates, local governments should keep the money and fund libraries, parks or other public services.

9 50 years? 75 years? You're kidding?

Indiana received \$3.8 billion from a consortium made up of the Spanish construction firm Cintra and the Macquarie Atlas Roads (MQA) of Australia in exchange for the right to maintain, operate and collect tolls for the following 75 years. That's a long time and a lot could change — from where we live and work, to how much we drive and much more — all of which could significantly impact revenues and profits. Is this the next generation's bubble and bailout? Beware of financial projections that predict an unknowable future.

10 Have you read the contract? (*the devil is always in the details*)

Contracts often have provisions that impact things we all care about — from environmental protection to neighborhood services and everything in between. Take the time and read the contract because once it's signed, it's too late to change. Ask Chicago.

Local and state governments are scrambling to fill gaping budget holes. Multinational corporations offering cash and conservative politicians using the crisis as opportunity to downsize government are pushing hard and moving fast. The promise of privatization is always oversold — cost overruns instead of cost savings, information no longer available to the public, and corners cut that impact services. Asking the right questions is the first step to putting the public interest first and avoiding decisions that we'll regret — for seventy-five years.

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