

Testimony of Gary S. Mala, Superintendent of Schools
Regional School District 17 (Haddam & Killingworth)
Submitted to the Government Administration and Elections Committee
March 12, 2008

RE: **H.B. No. 5899: AN ACT CONCERNING ON-LINE PROCUREMENT
BY REGIONAL AND LOCAL SCHOOL DISTRICTS.**

I am Gary Mala, Superintendent of Schools for Regional School District 17, serving the towns of Haddam and Killingworth.

I am here today to urge revision of state procurement laws to allow for the submission of electronic responses to public bids to acquire goods and services using public funds as delineated in H.B. No. 5899 *AN ACT CONCERNING ON-LINE PROCUREMENT BY REGIONAL AND LOCAL SCHOOL DISTRICTS*. At the present time, state procurement laws do not allow for the acceptance of electronic responses to posted bids nor do they allow for the use of procurement professionals to manage such electronic bidding procedures.

In July of 2006, the Regional School District 17 sought to utilize the services of a national procurement company (Ariba) to assist with securing competitive bids for the furniture, fixture and equipment slated for inclusion in the new \$48,000,000.00 Haddam-Killingworth Middle School, which was nearing completion at that time. Our district learned of this contact and process through one of the members of our Board of Education who is presently employed by a division of United Technologies.

Upon investigating the electronic bidding process, commonly referred to as "reverse auctioning," we were informed that school districts across the country utilize such services and have realized tremendous savings of public funds associated with not only the purchases associated with new construction projects, but also with annual purchases such as replacement furniture for schools, textbooks, tires for buses, custodial supplies and other items commonly associated with the operations of schools and other public agencies. School districts such as the Los Angeles Public Schools and New York City Schools were referenced as recent participants by the company with whom we were investigating this process. After reviewing the F, F & E bid specifications for our new school, we were quoted a potential savings of 40% of the projected total of \$3,159,161.00. If electronic bid submissions were allowed by our state's laws, this would have translated into a direct savings of locally bonded and state reimbursed funds of \$1,263,664.

Conversations with officials at both the School Facilities Unit of the State Department of Education and the Department of Administrative Services informed us that the use of a procurement management company to "manage an event" which allows for electronic submission of bids by providers of goods and services throughout Connecticut, the United States and internationally, is currently not permitted under public bidding laws governing such transactions in our state.

While this was the message we received for our project at that time, there is precedent for approving such a change as has been proposed for your consideration. In a December 11, 2007 press release issued by Governor Rell, the acceptance of electronic submissions to bid specifications through reverse auctioning has been done and has resulted in the awarding of electricity contracts for state buildings. The headline of the press release read as follows, *"Governor Rell Announces Additional Electricity Contracts For State Buildings Will Save Another \$2 Million. Total Savings From Reverse Auctions Yield More Than \$20 million For Cleaner, Greener Power"* Additional research has revealed that Office of Policy and Management Secretary, Robert Genuario utilized reverse auctioning when seeking out providers for health insurance benefits included in some state employee labor contracts.

As the legislature and our state's municipalities grapple with finding ways to do more with less, a no-cost change to state procurement laws will allow for the acquisition of goods and services at a reduced cost to all of us. Speaking specifically from my professional position, this requested change would allow for school districts to demonstrate to our publics that we are cognizant of the costs associated with providing high quality services to children and continuously seek ways to lessen the burden on an already strained local taxation model. For the Regional School District 17, the change to which I have referred during this testimony would have resulted in a potential, savings of approximately \$1.2 million dollars. Imagine for a moment the total savings if this change was allowed in all state agencies, 169 towns and the 166 school district who serve these towns.

Typical Indirect spend category experience and savings rates

Indirect Vertical	Projects	Spend
Services	945	\$25B+
Transportation	457	\$16B+
Capex & Construction	708	\$12B+
IT	220	\$8B+
Paper & Packaging	514	\$7B+

Category (Savings %)

- PCs (15%)
- Servers (15%)
- Peripherals (12%)
- Printers / MFPs (15%)
- Copiers & Faxes (25%)
- Telecom Equipment (13%)

Category (Savings %)

- Air Freight (10%)
- Courier Services (2%)
- Freight Forwarding (13%)
- Less than Truckload (5%)
- Ocean Freight (10%)
- Truckload (4%)

Category (Savings %)

- Flexible Film (20%)
- Labels (20%)
- Pallets (5%)

Category (Savings %)

- Conferencing (16%)
- Exterior Maintenance (10%)
- Industrial Cleaning (15%)
- Janitorial Services (14%)
- Janitorial Supplies (10%)
- Mobile Telephony (23%)
- Office Supplies (20%)
- Safety Supplies (9%)
- Promotional Items (22%)
- Commercial Print (18%)
- Security Services (8%)
- Uniforms (15%)

Category (Savings %)

- Office Furniture (17%)
- Forklifts & Equip (13%)
- HVAC Equip (8%)

