DAS
DEPARTMENT OF ADMINISTRATIVE SERVICES
STATE OF CONNECTICUT

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Senate Bill 1059
An Act Implementing the Recommendations of the Commission on Enhancing Agency Outcomes

Joint Committee on Government Administration & Elections
March 2, 2011

Good morning Senator Slossberg, Representative Morin, Senator McLachlan, Representative Hwang, and distinguished members of the Government Administration & Elections Committee. For the record, my name is Donald DeFronzo, and I am the Commissioner of the Department of Administrative Services ("DAS").

The Department of Administrative Services (DAS) would like to provide comments on a handful of sections of SB 1059, An Act Implementing the Recommendations of the Commission on Enhancing Agency Outcomes.

<u>Section 1</u>: Expanding the number of agencies for whom DAS performs personnel, payroll, affirmative action and business office functions.

Currently, the DAS Small Agencies Resource Team (SmART) provides personnel, payroll and affirmative action services to 23 state agencies and offices. In addition DAS's Business Office provides back office business functions to 21 small and mid-size agencies. These units embody the state's current effort to improve performance and increase efficiencies by using the shared services model of government organization.

DAS supports the concept of expanding the provision of these services in order to improve consistency and efficiency. DAS believes that it makes sense, however, to await the outcome of the agency consolidation efforts currently underway before determining the precise agencies to add to the DAS shared services units.

Alternatively, DAS suggests that, instead of specifying in statute which particular agencies should join the DAS shared services units, that the Committee eliminate subsection (a) and retain only subsection (b) of Section 1 of this bill. Subsection (b) gives the Governor the authority to transfer funds and positions through the Finance Advisory Committee process in order to add more agencies to the DAS shared services units. This would give us the flexibility to provide expanded services to additional agencies as needed.

DAS would also like to point out that consolidating business office functions may be more complex than consolidating personnel, payroll and affirmative action services. Any merger of business office functions must take into account such factors as the number and nature of grants administered by the agency; the number and variety of funds managed by the agency; funding relationships between the agency and the federal government; etc.

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DAS also recommends that the agency be provided with three to six months to accomplish any new consolidations, to properly transition personnel, files, systems and processes and ensure that we are able to provide the best possible service and support to our client agencies.

DAS is happy to meet with the Committee to discuss these matters in more detail.

Section 22: OPM to develop a plan to reduce the manager + supervisor to employee ratio.

DAS has serious concerns about the effectiveness and value of applying uniform across-the-board staffing ratios to determine the efficiency and appropriateness of agencies' organizational structures.

Ratios provide only a limited and artificial picture of the organizational structures of the different state agencies. To have an accurate understanding of how each agency is organized and whether it appropriately structured to maximize efficiency, accountability and performance requires an in-depth analysis of each agency – on a program-by program or unit-by-unit level – in conjunction with an understanding of how the agency-specific issues intersect with state-wide classification, compensation, labor relations and budget allocation requirements.

OPM and DAS have provided the Office of Fiscal Analysis a detailed memorandum relating to these issues and would be happy to share that memorandum with the Committee if you have not already received it.

Sections 249, 251, 253 and 254: Requiring Electronic Direct Deposit or Pay Cards for State Employee Paychecks.

Sections 249 and 251 require that, upon the bill's passage, all state employees receive their paychecks via electronic direct deposit or by pay card (Section 249 allows employees to opt out of this process, while Section 251 makes it mandatory for all employees). Sections 253-254 eliminate the requirement for paper pay advice statements, the document that accompanies paychecks and identifies hourly wages, gross earnings, deductions, etc. DAS agrees with the intent of these sections, but has some concerns about the timing of implementation.

For background, DAS would like to share with the Committee some recent activities we have undertaken in cooperation with Comptroller Lembo and his staff. In an effort to transition as many state employees as possible to paperless paychecks and pay advice statements, DAS and the Office of the State Comptroller (OSC) recently initiated a "ePay test program." Under the pilot, which was launched on February 14, 2011, DAS and OSC employees initially receive both their normal paychecks and pay advice statements in paper format, and are also able to view those documents electronically through Core-CT. Employees can also electronically view paychecks and pay advice statements for the prior 12 months under this system. During this test period, DAS and OSC will work to ensure that the ePay statements are working and accessible. Once we determine there are no problems, the paper documents will be eliminated and the DAS and OSC employee paychecks and pay advice statements will only be available electronically. The next phase is to transition additional agencies to ePay.

As this effort is already underway, DAS respectfully requests that the Committee give DAS and OSC time to implement and test the ePay rollout to ensure that the pilot is successful, and that all costs and employee accessibility issues are ironed out.

__Section 252__: *Requiring Each Agency to Utilize Electronic Time and Attendance.*

This section of the bill would require each agency to implement and maintain electronic time and attendance by July 1, 2011.

DAS also supports the intent of this section, which requires each agency to utilize electronic time and attendance. However, DAS respectfully requests that the timeframe for the requirement be reevaluated—particularly because time and attendance data must be fully compatible with CoreCT.

A major effort is already underway by CoreCT staff, which has required considerable time and expense, to create and deploy a scheduling front-end time and attendance system for the major 24/7 agencies, including the Departments of Public Safety, Correction, and Mental Health & Addiction Services. Concluding the major portions of that effort will meet the intent of this section but will still take time.

Additionally, to successfully and reliably roll this effort out to remaining state agencies requires a system upgrade. The Governor's bond bill currently includes an allocation for necessary upgrades to our current PeopleSoft/Oracle installation to the newer 9.1 version, which is absolutely critical to the continued effectiveness of CoreCT and the protection of this valuable investment the state has made. The new 9.1 version will better support an effort such as the one contemplated in Section 252. Therefore, while we are fully behind the intent of this legislation, we respectfully request an effective date that takes into account these necessary technical upgrades.

__Sections 296 & 297__: ***Providing agencies additional tools to use in their procurement processes.***

DAS supports section 296, which authorizes DAS to use reverse auctions in the procurement of services.

DAS supports the intent of section 297, which directs agencies to use modern procurement practices and gives DAS the authority to establish guidelines regarding the use of such modern procurement practices. DAS continually strives to maximize the value received by state agencies and we believe that using innovative procurement practices, including the methods listed in this bill, can assist in that goal. DAS is already involved in cooperative purchasing agreements and is expanding its use of reverse auctions. Additionally, DAS is developing a platform so that we can accept bid submissions online.

As written, however, this section raises certain questions that should be resolved before this language is codified. Of particular concern is the intent behind the directive that agencies achieve a 10 % reduction in the cost of contracting for the state. Is this intended to be a 10% reduction based of the current spend? What measures are intended to be used to calculate the

10%? Is it expected to be based on price reductions or savings realized from process improvements or both?

Additionally, although the bill provides a non-exhaustive list of various "modern procurement practices," it does not provide any guidance for determining what other methods might also be considered a "modern procurement practice," and thus authorized by this statute. We appreciate that this section attempts to provide state agencies with the flexibility and adaptability they need to best serve the state's needs, but we believe it is important to clarify the principles or criteria that should govern the assessment of what constitutes of an acceptable "modern procurement practice" in order to forestall legal challenges.

Thank you for the opportunity to provide testimony on this bill. DAS would be happy to meet with the Committee at any time to provide more information about any of the issues discussed above.