STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

OFFICE OF THE SECRETARY

TESTIMONY PRESENTED TO THE GOVERNMENT ADMINISTRATION AND ELECTIONS COMMITTEE
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Testimony Regarding Senate Bill No. 1059

AN ACT CONCERNING THE RECOMMENDATIONS OF THE COMMISSION ON ENHANCING AGENCY OUTCOMES

Good morning Senator Slossberg, Representative Morin, Ranking members Senator McLachlin and Representative Hwang, and distinguished members of the Government Administration and Elections Committee. I appreciate the opportunity to testify before you regarding the recommendations of the Commission on Enhancing Agency Outcomes.

As Secretary of the Office of Policy and Management, I appreciate the task you've taken on and the many hours of hard work and analysis that have gone into the recommendations before you. Finding savings in the structure and functioning of government is necessary and difficult work. I hope that today's discussion is part of a continuing dialogue on how we can make Connecticut government more responsive and efficient.

As has been widely discussed, Governor Malloy's proposed budget also seeks to find savings through reorganization and consolidation. We believe the Governor's budget proposals are a solid and balanced approach to the remaking of state government. There are a number of areas where the recommendations of the Commission (and therefore, the proposed changes within SB 1059) would either duplicate, negate or otherwise conflict with the Governor's proposals. Outlined below are top-line explanations of where those inconsistencies occur, as well as our analysis of each:

- The bill would transfer the Division of Special Revenue to the Department of Revenue Services (Sec. 2). This is in conflict with the Governor's proposal to transfer this division to the Department of Consumer Protection, as we believe DSR is a more consumer-driven division.

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- The bill would create the Connecticut Economic Development Authority as a successor to the Department of Economic and Community Development (DECD) (Sec. 24 -248). This proposal for an economic development "mega agency" conflicts with the Governor's plan to merge several economic development General Fund entities (DECD, OWC, CCT and some DOL workforce programs) and to strengthen the presence of DECD on the three quasi boards (CII, CDA and CHFA). We believe that creating a new and larger economic develop agency, while well intentioned, would have major collective bargaining, human resources, and physical space issues, and is therefore not a workable solution for the state.
- The bill would require the Department of Social Services to develop a plan for joining the state's prescription drug program administered by the State Comptroller for the state employee and retiree prescription drug plan (Sec. 282, 283, 288 – 293). This would likely result in DSS incurring significant administrative and system costs in order to implement the change. The Governor's budget assumes DSS' reimbursement levels will be reduced to align with those under the state employee and retiree programs – this recommendation is consistent with the recommendations of the federal Centers for Medicare and Medicaid Services, which advised that mirroring the rates would be more efficient and less administratively burdensome.
- The bill would require the Secretary of OPM to review all existing PSA contracts with terms of three years or more in order to determine which agreements are good values to the state, and to then recommend changes which will result in a savings of 10% of the total contract amount (Sec. 294). While we are certainly supportive of the idea of maximizing contracts that are of "good value to the state," the only guidance provided by this section regarding how such savings might be achieved is that the Secretary is to, "assume a preference for fewer long-term contracts, restrictions on amendments, greater outside evaluation of need, and greater use of contingency contracting." The Secretary already reviews requests for PSA contracts; as such, we do not believe that the proposed review and assumed preferences would yield significant savings, let alone 10%.
- The bill would require that all procurement contracts achieve 10% reduction in costs by utilizing "modern procurement practices" (Sec. 297). Unfortunately, a uniform target reduction across all types of contracts is neither achievable nor realistic. In order to fully implement "modern procurement practices", considerable work will need to be completed by agencies to build the tools needed to conduct listed procurement methods. Costs associated with attainting the resources required to adhere to mandatory procurement practices will offset savings achieved, and greatly divert funds and personnel from other necessary programs.
- The bill requires DSS to adopt a long-term care rebalancing strategy that meets the objectives of the State Balancing Incentive Payments Program (established under the Affordable Care Act) and establishes a goal to reduce the state nursing home bed ratio to the national nursing home bed ratio by 2017 (Sec. 302). The Governor's