



DEPARTMENT OF ADMINISTRATIVE SERVICES

STATE OF CONNECTICUT

Testimony of Donald DeFronzo
Commissioner of Administrative Services
Acting Commissioner of Construction Services

165 Capitol Avenue
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Appropriations Committee
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Good morning Senator Harp, Representative Walker, Senator Kane, Representative Miner and distinguished members of the Committee. My name is Don DeFronzo and I am the Commissioner of the Department of Administrative Services and the Acting Commissioner of Construction Services.

In 2011, Governor Malloy proposed, and the General Assembly enacted, a comprehensive reorganization of State government in order to restructure administrative operations, achieve higher levels of efficiency, eliminate duplication of effort and consolidate operations.

As part of this overall effort, Public Act 11-51 provided for the consolidation of the former Department of Information and Technology (DOIT) and the property and facilities management functions of the former Department of Public Works (DPW) into the Department of Administrative Services (DAS). These three agencies were all similar in that they provided services to other state agencies.

Public Act 11-51 also provided for the creation of a new agency, the Department of Constructive Services (DCS), comprised of the following components:

- The Design and Construction Unit of the former Department of Public Works (DPW)
- The Bureau of School Facilities and Grants of the state Department of Education (SDE)
- The building and life safety code and code enforcement components of the former Department of Public Safety (DPS)

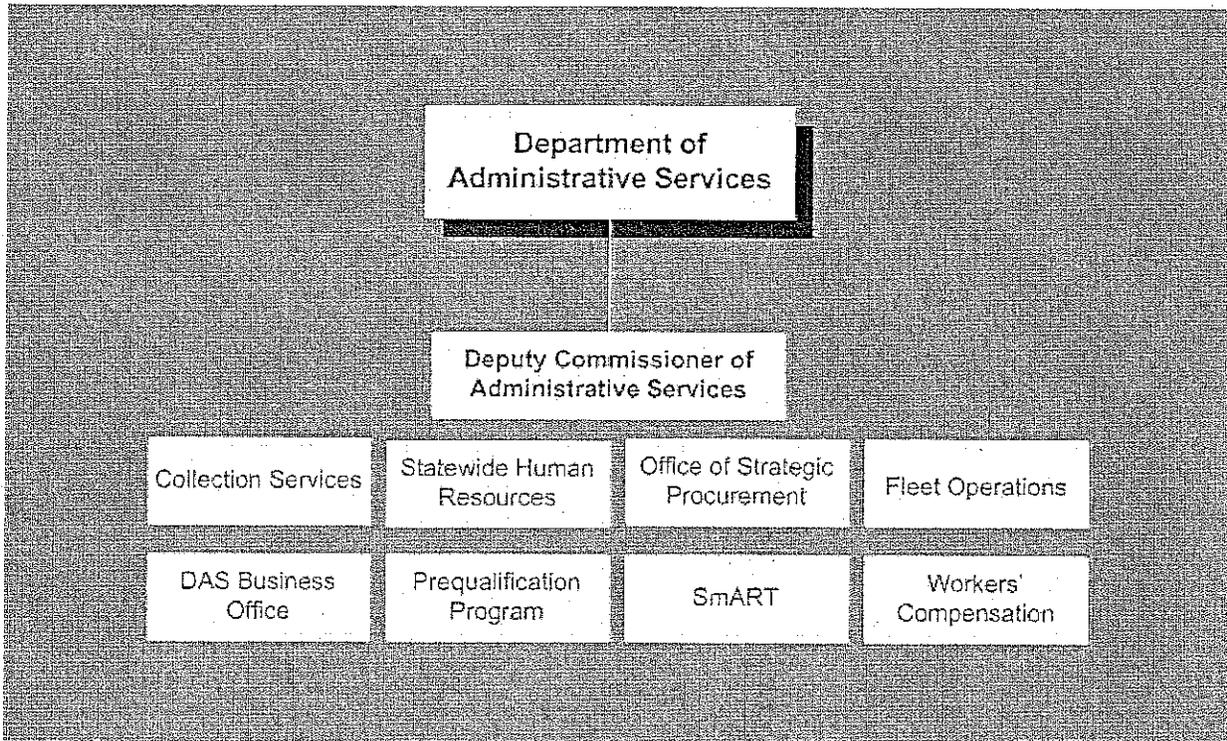
The purpose of consolidating the major construction and construction-related services from these three agencies into one agency was to optimize the use of staff, more efficiently manage the state's school construction program and more uniformly apply and better coordinate code enforcement.

THE DAS CONSOLIDATION UNDER P.A. 11-51

Pre-Consolidation

The Department of Administrative Services

While DAS was a mid-sized agency with about 330 employees and an operating budget of approximately \$64 million, its impact and range of authority was substantial. As pictured in the organizational chart below, before the reorganization, DAS was comprised of eight distinct divisions:



DAS also houses other programs including:

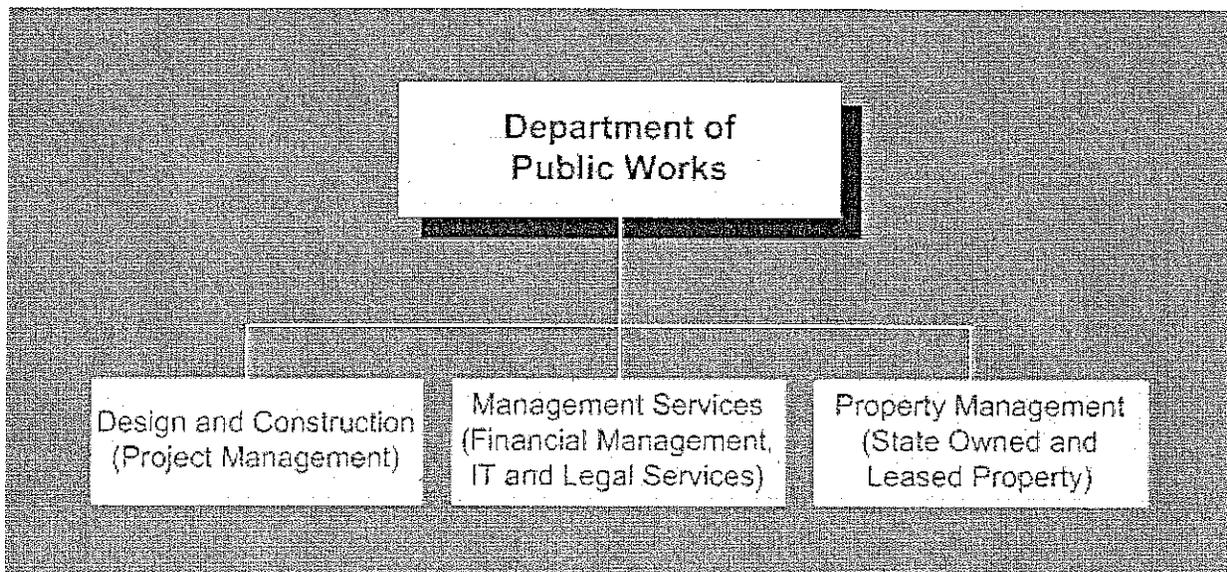
- CORE-CT Partnership
- Federal Surplus Food Distribution Program
- Supplier Diversity Program, including:
 - Small Business Set-Aside Certifications
 - Minority Business Set-Aside Certifications
- Print, Mail and Courier Services
- Surplus Property / Vehicle Disposition Program

In addition, in 2009, the Legislature moved four Boards and Commissions under DAS, although these entities retained their independent decision-making authority:

- Office of the Claims Commissioner
- State Insurance and Risk Management Board
- State Marshal Commission
- State Properties Review Board

The Department of Public Works

Pre-consolidation, DPW was comprised of approximately 160 employees in three primary functional areas:



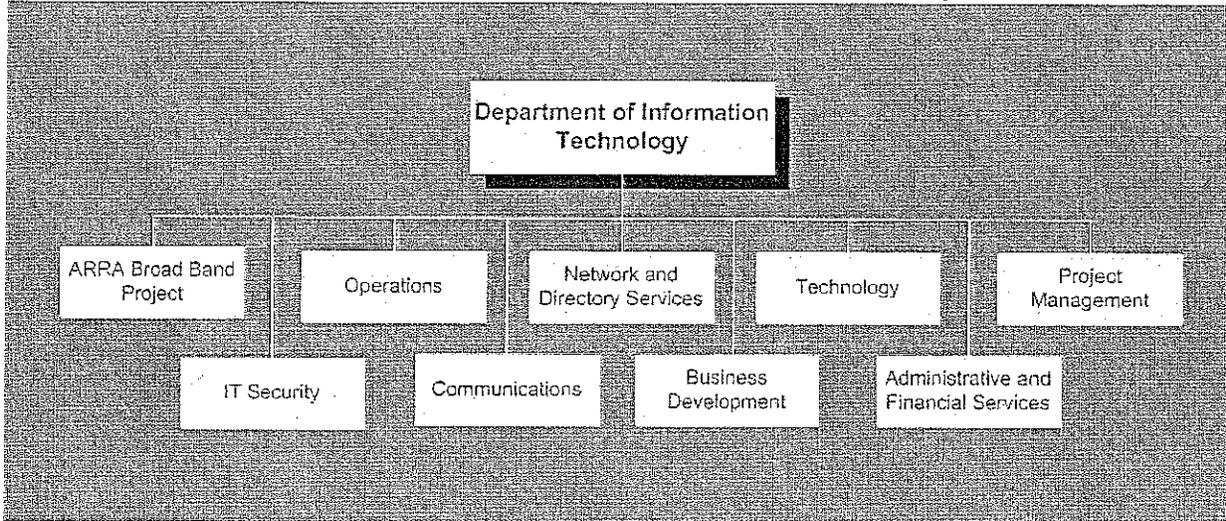
With a General Fund budget of approximately \$55 million and additional bond funds supporting capital construction, DPW was responsible for the design and construction of nearly all major state capital projects; maintenance and security standards for most facilities housing offices of the state; leasing and property acquisitions for most state agencies; and facility management, maintenance and security of state buildings in the greater Hartford area and surplus property statewide. The agency maintained its own Finance, IT, Legal, Communications and Project Accounting units.

The Department of Information Technology

With a budget of \$43 million and a staff of approximately 245 employees, the former DOIT functioned to provide quality information technology services and solutions to state agencies, effectively aligning business and technology objectives through collaboration, in order to provide the most cost-effective solutions that facilitate and

improve the conduct of businesses for state residents, businesses, visitors and government entities.

Pre-consolidation, DOIT was comprised of the following nine components:



DOIT also maintained its own Human Resources Unit, Legal, Project Accounting, Accounts Payable, Communications, Facilities Management and Financial Management Services staff.

The Consolidated DAS

The new Consolidated DAS consists of three Bureaus:

- **The Bureau of Central Administrative Services** houses most traditional DAS services, consolidated administrative operations and the state's shared services operations.
- **The Bureau of Enterprise Systems and Technology** is comprised of a reorganized IT services structure led by CIO Mark Raymond.
- **The Bureau of Facilities and Property Management** is now comprised of the Statewide Building Security Unit, the Leasing, Property Acquisition and Surplus Property Disposition Unit and the Facilities Management Unit.

Post-consolidation, the agency is comprised of approximately 560 staff with a General and Revolving Funds budget of approximately \$225 million.

DAS' mission today is to provide statewide policy to State agencies on matters related to purchasing, fleet operations, human resources, information technology, property and facilities management, and the provision of centralized services, and to supply needed

resources, goods and services to state agencies on time, aligned with their business needs, and within statutory guidelines.

Major Consolidation Components

As a result of the consolidation, virtually all administrative support services of the three agencies have been integrated, eliminating prior agency distinctions. These consolidations occurred in the following areas:

- The former DOIT Fiscal Management Office, DPW Project Accounting Office and DOIT Accounts Payable and Accounts Receivable Units were consolidated into the DAS Business Office.
- The Legal and Legislative activities of the three departments were consolidated into one office operating at the direction of the Commissioner.
- Former DAS and DOIT procurement services and staff, along with procurement-related activities of the DPW Property Management Unit are now consolidated in the new Office of Strategic Procurement.
- Public Information and Communication services provided by all three agencies have been folded into one Communications Office operating at the direction of the Commissioner.
- Similarly, Human Resource Management Services, affirmative action planning and workplace diversity programs have been consolidated into a single office.
- The DPW and DAS IT units have been consolidated and aligned in the new Bureau of Enterprise Systems and Technology to better utilize that staff and provide greater service to small state agencies.
- Facility Management and Security Services at all three agencies are being integrated.
- The separate Internet websites for the three departments have been merged and harmonized.

Initial Impacts of Consolidation

The DAS consolidation eliminated several layers of state bureaucracy, achieved greater efficiencies in the provision of central administrative services, reduced administrative staff redundancy, and encouraged better formulation of statewide policy. DAS estimates the consolidation resulted in an administrative cost reduction of \$2.5 million.

Additionally, the consolidation led to both short-term staff reductions resulting from the elimination of certain positions and longer-term reductions resulting from continued restructuring and attrition. Specifically, 43 positions were eliminated as a

result of the consolidation, including 7 politically appointed positions, 16 managerial and confidential positions, and 20 bargaining unit positions. In addition, 30 other positions have been lost through managerial layoffs, retirements and other separations.

THE CREATION OF DCS UNDER P.A. 11-51

Pre-Consolidation

The Design and Construction Unit/DPW

The Design and Construction Unit of DPW provided capital project planning for most large Executive Branch agencies and constituent units of Higher Education excluding UCONN, design management, procurement services related to project management, contract management and construction oversight activities. This Unit employed approximately 65 employees.

The Bureau of School Facilities and Grants/SDE

The Bureau of School Facilities and Grants of the state Department of Education was charged with the review of local school construction plans and projects, as well as the approval of payments for these municipal projects. This unit employed nine staff.

Code Development & Code Enforcement/DPS

The code development and code enforcement components of the former Department of Public Safety were charged with the development and administration of a broad range of building and fire codes, standards and regulations intended to promote public health and safety, and to protect the public from natural or technological failures or disasters. Approximately 70 employees were involved in these functions at DPS.

The Department of Construction Services

The New DCS consists of three Bureaus:

- The Bureau of Process Management, which integrates previously existing project support staff of the DPW, the education and training staff of the Office of Education and Data Management from the former DPS, and the school facilities grants administration staff from the Bureau of School Facilities and Grants Management previously housed in SDE.
- The Bureau of Building Design and Construction, which maintains the project management staff of the former DPW.

- The Bureau of Building Compliance and Review, which consolidates previous DPW technical support activities, former SDE school construction plan review staff, and the building code and building inspection, life safety code and code enforcement functions of the former DPS.

DCS is comprised of approximately 150 employees and a General Fund budget of \$9.7 million and other funding totaling \$10.4 million for an operating budget of approximately \$20 million.

In the reorganization, DCS became a fully dependant DAS SmART agency with the following back-office functions provided by DAS: human resource administration, payroll, affirmative action, workplace diversity, financial management, accounts payable, procurement services, project accounting, communications and IT support.

Initial Impacts of Consolidation

The consolidation of the construction-related functions from the three separate agencies is beginning to demonstrate anticipated synergies. At the same time however, a number of impediments to true, cost-effective integration of staff functions have been identified. For example, DCS' ability to audit school construction costs has been impaired by the lack of auditors on DCS' staff. Similarly, DCS is working to overcome difficulties caused by legacy computer systems that do not communicate effectively across bureaus. DCS has been working with the administration to develop solutions to these challenges.

The consolidation of functions into DCS resulted in 12 positions being eliminated, including 4 bargaining unit positions, 4 appointed positions and 4 managerial positions. Seven other positions have been eliminated through retirement, managerial layoff or other separations.

THE GOVERNOR'S PROPOSED BUDGET

With respect to the biennial budget, DAS was allocated \$139,398,232 for FY 12 and \$137,520,492 for FY 13. DAS has managed its accounts well and has adapted its budget to absorb approximately \$7.1 million in programmatic holdbacks, as well as an additional \$1.8 million cut in personal services. An agency-wide commitment to cost containment will allow these savings to be annualized. These programmatic changes include:

- Renegotiating the Connecticut Natural Gas rate structure; estimated savings of \$400,000 to \$500,000

- Eliminating property management contracts; estimated savings of \$114,000
- Reducing security costs; estimated savings of \$400,000
- Reducing cleaning frequency; estimated savings of \$280,000
- Reducing state building hours of operation; estimated savings of \$410,000
- Converting boiler at Cedarcrest to a low density system; estimated savings \$260,000
- Reducing the rents and moving account by 5%; estimated savings \$650,000
- Reducing workers' compensation loss control/risk management funds by 10%; estimated savings \$15,000
- Reducing the CEN operating budget by 10%; estimated savings of \$325,000
- Reducing the State Insurance Risk Management Board budget by 5%; estimated savings of \$650,000
- Reducing reliance on DAS-BEST consulting contracts; estimated savings of \$310,000

In addition, an effort to consolidate and reduce state leasing has resulted in the elimination of 30,000 square feet of leased office space and the termination of over 370 leased parking spots. These changes have resulted in approximately \$350,000 in savings in FY12, rolling out to \$645,000 in FY13.

Beyond this, the agency has implemented a number of efficiency and productivity improvements, including the streamlining of the state bidding process, initiation of reverse bidding techniques, expanded use of cooperative purchasing agreements, and, most recently, on-line bidding. \$2.9 million in savings and cost avoidance, along with substantial employee productivity gains, are attributable to these efforts.

Fleet services continue to be well managed and the Division of Collection Services generated paid claims in excess of \$1.2 billion for the third consecutive year.

The most significant adjustment to the DAS budget, however, is the result of the consolidation of DCS into DAS. The Governor's proposal transfers approximately \$6.8 million in personal services from DCS to DAS - a net increase of 91 General Fund positions - as part of the consolidation. In addition, 55 bond-funded positions and 8 fee-supported positions will be part of the consolidation.

We anticipate that the Governor's proposal to merge DCS into DAS will provide additional opportunities for eliminating layers of bureaucracy, achieve greater efficiencies in the provision of central administrative services, and improve coordination in the closely related areas of construction and property management. Bringing the two agencies together will eliminate artificial administrative barriers and optimize the use of staff resources. DAS and DCS are working with the Governor's Office and OPM to determine how best to structure and staff the new merged agency.