



State of Connecticut

HOUSE OF REPRESENTATIVES STATE CAPITOL

REPRESENTATIVE PRASAD SRINIVASAN
THIRTY-FIRST ASSEMBLY DISTRICT

RANKING MEMBER
PUBLIC HEALTH COMMITTEE

LEGISLATIVE OFFICE BUILDING, ROOM 4200
300 CAPITOL AVENUE
HARTFORD, CT 06106-1591

MEMBER
EDUCATION COMMITTEE
FINANCE, REVENUE AND BONDING COMMITTEE

CAPITOL: (860) 240-8700
FAX: (860) 240-0207
Prasad.Srinivasan@housegop.ct.gov

March 11, 2013

To Co-Chairs Senator Musto and Representative Jutila, Vice-Chairs Senator Meyer and Representative Lesser, Ranking Members Senator McLachlan, and Representative Hwang, and members of the Government Administration and Elections Committee,

I would like to express my strong support for H.B. No. 5051, AN ACT EXPANDING MUNICIPAL AND STATE REVERSE AUCTION AUTHORITY TO INCLUDE THE PURCHASE OF SERVICES.

The financial crisis is taking its heavy toll. Our state, municipalities and school districts are all hurting. The General Assembly has been presented its biennium budget and each and every one of us is hearing the concerns and the anxiety from the various stake holders.

We need to be always careful and cautious when spending, especially with tax-payer's money. We need to be looking at every available option where we can save and that is what House Bill 5051 tries to do. We need to practice parsimony. It does not mean skimping on what is needed to provide appropriate services. It is using the least costly efficacious options. Every one of us needs to be a prudent steward.

This bill would amend section 4a-60b of the Connecticut General Statutes to expand the authority for municipalities, school districts and state agencies to use reverse auctions for the purchase of services. Currently, these contracting agencies can only use reverse auctions for the purchase of goods and supplies. This bill is beneficial to businesses that offer a wide array of services, including laundry and cleaning, janitorial, security, repair and maintenance, and advertising, among others, which will now be allowed for the first time to partake in reverse auctions for contracting agencies. If enacted, this law would be advantageous to the contracting agencies, as it would allow for competition among these service businesses, and ultimately save municipalities and the state money.

Federal Agencies and Connecticut Corporations like General Electric and United Technologies are increasing their use of reverse auctions to drive down prices not only on supplies and equipment, but also janitorial, landscaping, and professional services.

Arkansas' Information Technology Research Institute has shown that by using reverse auctions, not only do companies save 15% on their acquisitions of goods and services, but additionally, procurement cycle times can be decreased by 90%.

In a June 25, 2012 article, federaltimes.com stated that Federal Government reverse auctions on average saved 13.5 percent of what products and services would have cost through open competition. These savings were realized by the Army, Navy, Department of Homeland Security, FBI and State Department.

Connecticut General Statutes Section 4a-60b, allows reverse auctions whenever a contracting agency determines that the use of a reverse auction is advantageous to award a contract for goods or supplies. It should be expanded to include services so that Connecticut can realize the savings that has been demonstrated by the Federal Government and many U.S. Corporations.

Every agency needs to be nimble and make sure that while they are cost conscious on the one hand, they preserve quality and service on the other. They need to strike the right balance. We are well aware of the concept of industry loss leaders and need to make sure we avoid that pitfall.

We need to be fiscal task masters. That is the charge the constituents has entrusted us with. House Bill 5051 does just that.

I urge you to support this piece of legislation. I thank the committee for their time and attention into this matter, and I would be happy to answer any questions.

Sincerely,



Prasad Srinivasan
State Representative
31st Assembly District