



Council 4 AFSCME Testimony
Government Administration and Elections Committee 3/11/13

My name is Brian Anderson. I am a legislative and political representative for Council 4 AFSCME, a union representing over 32,000 Connecticut public and private employee members.

Council 4 opposes H.B. No. 5051 (COMM) AN ACT EXPANDING MUNICIPAL AND STATE REVERSE AUCTION AUTHORITY TO INCLUDE THE PURCHASE OF SERVICES. We have no doubt that the proponents of the bill are seeking the best cost for services for municipal and state agencies. Yet, by putting too great a pressure on driving down costs, service quality will suffer while social costs are transferred to taxpayers. Also, taxpayer borne social costs are increased. As with privatization, the devil is in the details. CIO Magazine, a leading IT industry publication, recently reported on the findings of David Stec and Bob Emiliani, two researchers from the Center for Lean Business Management at Rensselaer Polytechnic Institute. Stec and Emiliani found that

“reverse auctions rarely deliver savings that are as great as advertised by auction service providers. In addition, they contend that savings from reverse auctions are difficult to measure and that they do not teach buyers and sellers how to solve problems jointly. They conclude that reverse auctions are toxic for buyer-supplier relationships.”

They also found that in the case of the GE Corporation *50 percent of reverse auction savings disappeared due to errors in supplier data, post-auction negotiation and changes in specifications or quantities.* The report did not even consider quality or supplier nonperformance.

Council 4 is concerned that there will be even larger quality and performance problems with services such as mentioned in the bill: janitorial, security and clerical. The wage for workers in these industries has already been driven so low that many workers engaged in them qualify for taxpayer

subsidized food assistance, health care, housing, fuel and tax credits. It is better to use in-house workers that government has direct control over. Workers who are paid a decent wage and benefits are more likely to be loyal. Studies show that such workers are more productive. If a service must be bid for then government should seek a responsible bidder in a selection process based upon quality, performance, compliance with the law and whether the employees are paid a living wage.

Employer cost shifting onto taxpayer backs is rampant in the private sector. It should not be encouraged, as this bill does, in the public sector. The U.S. Census has recently reported that 50% of American families are working poor or destitute. A few months ago the U.S. Federal Reserve has reported that the average American family has lost 40% of its wealth since 2007. It is time for government to lead in recreating and protecting a middle class. This bill will help to drive down wages and further hurt the middle class.

Council 4 supports H.B. No. 6492 (RAISED) AN ACT CONCERNING THE CONFIDENTIALITY OF EMPLOYEES SUPPLYING INFORMATION TO THE AUDITORS OF PUBLIC ACCOUNTS. Employee whistleblowers often face retaliatory or harassing treatment at work. Keeping the names of employees who report problems to the state auditors confidential will encourage more whistleblowers to come forward, hopefully resulting in more savings to taxpayers.

I would be happy to answer any questions.