



General Assembly

February Session, 2014

Raised Bill No. 351

LCO No. 1931



Referred to Committee on GOVERNMENT ADMINISTRATION
AND ELECTIONS

Introduced by:
(GAE)

***AN ACT CONCERNING THE ASSESSMENT OF PROPOSED
PRIVATIZATION CONTRACTS.***

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

1 Section 1. Section 4e-1 of the 2014 supplement to the general statutes
2 is repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2014*):

4 For the purposes of sections 4e-1 to 4e-47, inclusive:

5 (1) "Best value selection" means a contract selection process in which
6 the award of a contract is based on a combination of quality, timeliness
7 and cost factors;

8 (2) "Bid" means an offer, submitted in response to an invitation to
9 bid, to furnish supplies, materials, equipment, construction or
10 contractual services to a state contracting agency under prescribed
11 conditions at a stated price;

12 (3) "Bidder" means a business submitting a bid in response to an

13 invitation to bid by a state contracting agency;

14 (4) "Business" means any individual or sole proprietorship,
15 partnership, firm, corporation, trust, limited liability company, limited
16 liability partnership, joint stock company, joint venture, association or
17 other legal entity through which business for profit or not-for-profit is
18 conducted;

19 (5) "Competitive bidding" means the submission of prices by a
20 business competing for a contract to provide supplies, materials,
21 equipment or contractual services to a state contracting agency, under
22 a procedure in which the contracting authority does not negotiate
23 prices, as set forth in statutes and regulations concerning procurement;

24 (6) "Consultant" means (A) any architect, professional engineer,
25 landscape architect, land surveyor, accountant, interior designer,
26 environmental professional or construction administrator, who is
27 registered or licensed to practice such person's profession in
28 accordance with the applicable provisions of the general statutes, (B)
29 any planner or any environmental, management or financial specialist,
30 or (C) any person who performs professional work in areas including,
31 but not limited to, educational services, medical services, information
32 technology and real estate appraisal;

33 (7) "Consultant services" means those professional services rendered
34 by a consultant and any incidental services that a consultant and those
35 in the consultant's employ are authorized to perform;

36 (8) "Contract" or "state contract" means an agreement or a
37 combination or series of agreements between a state contracting
38 agency or quasi-public agency and a business for:

39 (A) A project for the construction, reconstruction, alteration,
40 remodeling, repair or demolition of any public building, public work,
41 mass transit, rail station, parking garage, rail track or airport;

42 (B) Services, including, but not limited to, consultant and
43 professional services;

44 (C) The acquisition or disposition of personal property;

45 (D) The provision of goods and services, including, but not limited
46 to, the use of purchase of services contracts and personal service
47 agreements;

48 (E) The provision of information technology, state agency
49 information system or telecommunication system facilities, equipment
50 or services;

51 (F) A lease; or

52 (G) A licensing agreement;

53 "Contract" or "state contract" does not include a contract between a
54 state agency or a quasi-public agency and a political subdivision of the
55 state;

56 (9) "Term contract" means the agreement reached when the state
57 accepts a bid or proposal to furnish supplies, materials, equipment or
58 contractual services at a stated price for a specific period of time in
59 response to an invitation to bid;

60 (10) "Contract risk assessment" means (A) the identification and
61 evaluation of loss exposures and risks, including, but not limited to,
62 business and legal risks associated with the contracting process and
63 the contracted goods and services, and (B) the identification,
64 evaluation and implementation of measures available to minimize
65 potential loss exposures and risks;

66 (11) "Contractor" means any business that is awarded, or is a
67 subcontractor under, a contract or an amendment to a contract with a
68 state contracting agency under statutes and regulations concerning
69 procurement, including, but not limited to, a small contractor, minority

70 business enterprise, an individual with a disability, as defined in
71 section 4a-60, or an organization providing products and services by
72 persons with disabilities;

73 (12) "Contractual services" means the furnishing of labor by a
74 contractor, not involving the delivery of a specific end product other
75 than reports, which are merely incidental to the required performance
76 and includes any and all laundry and cleaning service, pest control
77 service, janitorial service, security service, the rental and repair, or
78 maintenance, of equipment, machinery and other state-owned
79 personal property, advertising and photostating, mimeographing,
80 human services and other service arrangements where the services are
81 provided by persons other than state employees. "Contractual services"
82 includes the design, development and implementation of technology,
83 communications or telecommunications systems or the infrastructure
84 pertaining thereto, including hardware and software and services for
85 which a contractor is conferred a benefit by the state, whether or not
86 compensated by the state. "Contractual services" does not include
87 employment agreements or collective bargaining agreements;

88 (13) "Data" means recorded information, regardless of form or
89 characteristic;

90 (14) "Vote of two-thirds of the members of the board present and
91 voting" means a vote by the State Contracting Standards Board that is
92 agreed upon by two-thirds of the members of the State Contracting
93 Standards Board present and voting for a particular purpose and that
94 includes the vote of one member of the board appointed by a
95 legislative leader;

96 (15) "Electronic" means electrical, digital, magnetic, optical,
97 electromagnetic, or any other similar technology;

98 (16) "Emergency procurement" means procurement by a state
99 contracting agency, quasi-public agency, as defined in section 1-120,
100 judicial department or constituent unit of higher education that is

101 made necessary by a sudden, unexpected occurrence that poses a clear
102 and imminent danger to public safety or requires immediate action to
103 prevent or mitigate the loss or impairment of life, health, property or
104 essential public services or in response to a court order, settlement
105 agreement or other similar legal judgment;

106 (17) "Equipment" means personal property of a durable nature that
107 retains its identity throughout its useful life;

108 (18) "Materials" means items required to perform a function or used
109 in a manufacturing process, particularly those incorporated into an
110 end product or consumed in its manufacture;

111 (19) "Nonprofit agency" means any organization that is not a for-
112 profit business under 501(c)(3) of the Internal Revenue Code of 1986, or
113 any subsequent corresponding internal revenue code of the United
114 States, as from time to time amended, makes no distribution to its
115 members, directors or officers and provides services contracted for by
116 (A) the state, or (B) a nonstate entity;

117 (20) "Professional services" means any type of service to the public
118 that requires that members of a profession rendering such service
119 obtain a license or other legal authorization as a condition precedent to
120 the rendition thereof, including, but not limited to, the professional
121 services of architects, professional engineers, or jointly by architects
122 and professional engineers, landscape architects, certified public
123 accountants and public accountants, land surveyors, attorneys-at-law,
124 psychologists, licensed marital and family therapists, licensed
125 professional counselors and licensed clinical social workers as well as
126 such other professional services described in section 33-182a;

127 (21) "Privatization contract" means an agreement or series of
128 agreements between a state contracting agency and a person or entity
129 in which such person or entity agrees to provide services that are
130 substantially similar to and in lieu of services provided, in whole or in
131 part, by state employees, other than contracts with a nonprofit agency,

132 which are in effect as of January 1, 2009, and which through a renewal,
133 modification, extension or rebidding of contracts continue to be
134 provided by a nonprofit agency;

135 (22) "Procurement" means contracting for, buying, purchasing,
136 renting, leasing or otherwise acquiring or disposing of, any supplies,
137 services, including but not limited to, contracts for purchase of services
138 and personal service agreements, interest in real property, or
139 construction, and includes all government functions that relate to such
140 activities, including best value selection and qualification based
141 selection;

142 (23) "Proposer" means a business submitting a proposal to a state
143 contracting agency in response to a request for proposals or other
144 competitive sealed proposal;

145 (24) "Public record" means a public record, as defined in section 1-
146 200;

147 (25) "Qualification based selection" means a contract selection
148 process in which the award of a contract is primarily based on an
149 assessment of contractor qualifications and on the negotiation of a fair
150 and reasonable price;

151 (26) "Regulation" means regulation, as defined in section 4-166;

152 (27) "Request for proposals" means all documents, whether attached
153 or incorporated by reference, utilized for soliciting proposals;

154 (28) "State contracting agency" means any executive branch agency,
155 board, commission, department, office, institution or council. "State
156 contracting agency" does not include the judicial branch, the legislative
157 branch, the offices of the Secretary of the State, the State Comptroller,
158 the Attorney General, the State Treasurer, with respect to their
159 constitutional functions, any state agency with respect to contracts
160 specific to the constitutional and statutory functions of the office of the

161 State Treasurer. For the purposes of section 4e-16, as amended by this
162 act, "state contracting agency" includes any constituent unit of the state
163 system of higher education and for the purposes of section 4e-19, "state
164 contracting agency" includes the State Education Resource Center,
165 established under section 10-4q;

166 (29) "Subcontractor" means a subcontractor of a contractor for work
167 under a contract or an amendment to a contract;

168 (30) "Supplies" means any and all articles of personal property,
169 including, but not limited to, equipment, materials, printing, insurance
170 and leases of real property, excluding land or a permanent interest in
171 land furnished to or used by any state agency;

172 (31) "Infrastructure facility" means a building, structure or network
173 of buildings, structures, pipes, controls and equipment that provide
174 transportation, utilities, public education or public safety services.
175 Infrastructure facility includes government office buildings, public
176 schools, jails, water treatment plants, distribution systems and
177 pumping stations, wastewater treatment plants, collections systems
178 and pumping stations, solid waste disposal plants, incinerators,
179 landfills, and related facilities, public roads and streets, highways,
180 public parking facilities, public transportation systems, terminals and
181 rolling stock, rail, air and water port structures, terminals and
182 equipment; [and]

183 (32) "State employee" means state employee, as defined in section 5-
184 154 and, for purposes of section 4e-16, as amended by this act, state
185 employee includes an employee of any state contracting agency; and

186 (33) "Reimbursable personal services" means personal services for
187 which the state receives full or partial reimbursement from a nonstate
188 entity.

189 Sec. 2. Section 4e-16 of the general statutes is repealed and the
190 following is substituted in lieu thereof (*Effective July 1, 2014*):

191 (a) Prior to entering into any privatization contract for the
192 privatization of a state service, [that is not currently privatized,] the
193 state contracting agency shall develop a cost-benefit analysis in
194 accordance with the provisions of subsection (b) of this section. [Such
195 requirement shall not apply to a privatization contract for a service
196 currently provided, in whole or in part, by a non-state entity.] The state
197 contracting agency may waive the requirement for such cost-benefit
198 analysis if the commissioner of such agency certifies, in writing, that
199 the contract is for a service currently provided, in whole or in part, by
200 a nonstate entity and either (1) a prior cost-benefit analysis conducted
201 by the agency of the privatization of the service under circumstances
202 not materially different from the current circumstances met the
203 standards of this section, or (2) the total annual state expenditure on
204 such contract will be less than fifty thousand dollars. Any affected
205 party may petition the State Contracting Standards Board for review of
206 such privatization contract, in accordance with the provisions of
207 subsections (f) to (h), inclusive, of this section.

208 (b) The cost-benefit analysis conducted by a state contracting agency
209 prior to entering into a privatization contract shall document the direct
210 and indirect costs, savings, and qualitative and quantitative benefits,
211 that will result from the implementation of such privatization contract.
212 Such cost-benefit analysis shall specify the schedule that, at a
213 minimum, shall be adhered to in order to achieve any estimated
214 savings. Any cost factor shall be clearly identified in such cost-benefit
215 analysis and supported by all applicable records and reports. The
216 department head of such state contracting agency shall certify that,
217 based on the data and information, all projected costs, savings and
218 benefits are valid and achievable. As used in this subsection, "costs"
219 means all reasonable, relevant and verifiable expenses, including
220 salary, materials, supplies, services, equipment, capital depreciation,
221 rent, maintenance, repairs, utilities, insurance, travel, overhead,
222 interim and final payments and the normal cost of fringe benefits, as
223 calculated by the Comptroller. As used in this subsection, "savings"

224 means the difference between the current annual direct and indirect
225 costs of providing such service and the projected, annual direct and
226 indirect costs of contracting to provide such services in any succeeding
227 state fiscal year during the term of such proposed privatization
228 contract.

229 (c) (1) If such cost-benefit analysis identifies a cost savings to the
230 state of ten per cent or more, and such privatization contract will not
231 diminish the quality of such service, the state contracting agency shall
232 develop a business case, in accordance with the provisions of
233 subsection (d) of this section, in order to evaluate the feasibility of
234 entering into any such contract and to identify the potential results,
235 effectiveness and efficiency of such contract.

236 (2) If such cost-benefit analysis identifies a cost savings of less than
237 ten per cent to the state and such privatization contract will not
238 diminish the quality of such service, the state contracting agency may
239 develop a business case, in accordance with the provisions of
240 subsection (d) of this section, in order to evaluate the feasibility of
241 entering into any such contract and to identify the potential results,
242 effectiveness and efficiency of such contract, provided there is a
243 significant public policy reason to enter into such privatization
244 contract. Any such business case shall be approved in accordance with
245 the provisions of subdivision (4) of subsection (h) of this section.

246 (3) If any such proposed privatization contract would result in the
247 layoff, transfer or reassignment of one hundred or more state agency
248 employees, after consulting with the potentially affected bargaining
249 units, if any, the state contracting agency shall notify the state
250 employees of such bargaining unit, after such [cost benefit] cost-benefit
251 analysis is completed. Such state contracting agency shall provide an
252 opportunity for said employees to reduce the costs of conducting the
253 operations to be privatized and provide reasonable resources for the
254 purpose of encouraging and assisting such state employees to organize
255 and submit a bid to provide the services that are the subject of the

256 potential privatization contract. The state contracting agency shall
257 retain sole discretion in determining whether to proceed with the
258 privatization contract, provided the business case for such contract is
259 approved by the board.

260 (d) Any business case developed by a state contracting agency for
261 the purpose of complying with subsection (c) of this section shall
262 include: (1) The [cost benefit] cost-benefit analysis as described in
263 subsection (b) of this section, (2) a detailed description of the service or
264 activity that is the subject of such business case, (3) a description and
265 analysis of the state contracting agency's current performance of such
266 service or activity, (4) the goals to be achieved through the proposed
267 privatization contract and the rationale for such goals, (5) a description
268 of available options for achieving such goals, (6) an analysis of the
269 advantages and disadvantages of each option, including, at a
270 minimum, potential performance improvements and risks attendant to
271 termination of the contract or rescission of such contract, (7) a
272 description of the current market for the services or activities that are
273 the subject of such business case, (8) an analysis of the quality of
274 services as gauged by standardized measures and key performance
275 requirements including compensation, turnover, and staffing ratios, (9)
276 a description of the specific results-based performance standards that
277 shall, at a minimum be met, to ensure adequate performance by any
278 party performing such service or activity, (10) the projected time frame
279 for key events from the beginning of the procurement process through
280 the expiration of a contract, if applicable, (11) a specific and feasible
281 contingency plan that addresses contractor nonperformance and a
282 description of the tasks involved in and costs required for
283 implementation of such plan, and (12) a transition plan, if appropriate,
284 for addressing changes in the number of agency personnel, affected
285 business processes, employee transition issues, and communications
286 with affected stakeholders, such as agency clients and members of the
287 public, if applicable. Such transition plan shall contain a reemployment
288 and retraining assistance plan for employees who are not retained by

289 the state or employed by the contractor. If the primary purpose of the
290 proposed privatization contract is to provide a core governmental
291 function, such business case shall also include information sufficient to
292 rebut the presumption that such core governmental function should
293 not be privatized. Such presumption shall not be construed to prohibit
294 a state contracting agency from contracting for specialized technical
295 expertise not available within such agency, provided such agency shall
296 retain responsibility for such core governmental function. For the
297 purposes of this section, "core governmental function" means a
298 function for which the primary purpose is (A) the inspection for
299 adherence to health and safety standards because public health or
300 safety may be jeopardized if such inspection is not done or is not done
301 in a timely or proper manner, (B) the establishment of statutory,
302 regulatory or contractual standards to which a regulated person, entity
303 or state contractor shall be held, (C) the enforcement of statutory,
304 regulatory or contractual requirements governing public health or
305 safety, or (D) criminal or civil law enforcement. If any part of such
306 business case is based upon evidence that the state contracting agency
307 is not sufficiently staffed to provide the core governmental function
308 required by the privatization contract, the state contracting agency
309 shall also include within such business case a plan for remediation of
310 the understaffing to allow such services to be provided directly by the
311 state contracting agency in the future.

312 (e) [Upon] (1) Except as provided in subdivision (2) of this
313 subsection, upon the completion of such business case, the state
314 contracting agency shall submit the business case to the State
315 Contracting Standards Board. For any privatization contract with a
316 projected cost that exceeds one hundred fifty million dollars annually
317 or six hundred million dollars over the life of such contract, the state
318 contracting agency shall also submit such business case to the
319 Governor, the president pro tempore of the Senate, the speaker of the
320 House of Representatives, and any collective bargaining unit affected
321 by the proposed privatization contract.

322 (2) If any proposed privatization contract involves reimbursable
323 personal services, the state contracting agency shall submit the cost-
324 benefit analysis and business case to the Comptroller prior to
325 submitting such contract to the State Contracting Standards Board and
326 shall demonstrate to the satisfaction of the Comptroller that the
327 projected savings of such contract to the state will outweigh the loss of
328 third-party contributions toward accumulated post-employment
329 liabilities. If the state contracting agency fails to make such
330 demonstration, it shall not submit the business case to the board in
331 accordance with subdivision (1) of this subsection and the state
332 contracting agency shall not enter into such contract. If the state
333 contracting agency succeeds in making such demonstration, it shall
334 submit the business case to the board and any other applicable public
335 official in accordance with subdivision (1) of this subsection, along
336 with the Comptroller's written certification that the state contracting
337 agency has succeeded in making such demonstration.

338 (f) (1) There shall be a privatization contract committee of the State
339 Contracting Standards Board that shall review, evaluate, issue
340 advisory reports and make recommendations on business cases
341 submitted to the board by any state contracting agency. Such
342 privatization contract committee shall consist of five members of the
343 State Contracting Standards Board. Such members shall be appointed
344 by the chairperson of the board and consist of both gubernatorial and
345 legislative appointments, have not more than three members from any
346 one political party, and at least one member of such committee shall
347 have expertise in the area that is the subject of such proposed contract.
348 The chairperson of the board, or the chairperson's designee shall serve
349 as the chair of the privatization contract committee.

350 (2) Upon receipt of any such business case from a state contracting
351 agency, the State Contracting Standards Board shall immediately refer
352 such business case to such privatization contract committee. The
353 privatization contract committee shall employ a standard process for
354 reviewing, evaluating and approving any such business cases. Such

355 process shall include due consideration of: (A) The cost-benefit
356 analysis developed by the state contracting agency, (B) the business
357 case developed by the state contracting agency, including any facts,
358 documents or other materials that are relevant to such business case,
359 (C) any adverse effect that such privatization contract may have on
360 minority, small and women-owned businesses that do, or are
361 attempting to do business with the state, and (D) the value of having
362 services performed in the state and within the United States.

363 (3) The privatization committee shall evaluate the business case and
364 submit the committee's evaluation to the State Contracting Standards
365 Board for review and approval. During the review or consideration of
366 any such business case, no member of the board shall engage in any
367 ex-parte communication with any lobbyist, contractor or union
368 representative. Unless otherwise provided in this section, a majority
369 vote of the board shall be required to approve any such business case.

370 (4) The business case for a privatization contract to provide a core
371 governmental function may be approved by a two-thirds vote of the
372 board, provided the state contracting agency has provided sufficient
373 evidence to rebut the presumption contained in subsection (d) of this
374 section and there is a significant policy reason to approve such
375 business case. In no such case shall the insufficient staffing of a state
376 contracting agency constitute a significant policy reason to approve a
377 business case for a privatization contract to provide a core
378 governmental function.

379 (g) Each state contracting agency that submits a business case to the
380 board for review shall submit to the board all information, documents
381 or other material required by the privatization contract committee to
382 complete its review and evaluation of such business case.

383 (h) (1) Not later than sixty days after receipt of any business case,
384 the State Contracting Standards Board shall transmit a report detailing
385 its review, evaluation and disposition regarding such business case to

386 the state contracting agency that submitted such business case and, in
387 the case of a privatization contract with a projected cost of one
388 hundred fifty million dollars or more annually, or six hundred million
389 dollars or more over the life of the contract, concomitantly transmit
390 such report to the Governor, the president pro tempore of the Senate,
391 the speaker of the House of Representatives and any collective
392 bargaining unit affected by the proposed privatization contract. Such
393 sixty-day period may be extended for an additional thirty days upon a
394 majority vote of the board or the privatization contract committee and
395 for good cause shown.

396 (2) The board's report shall include the business case prepared by
397 the state contracting agency, the evaluation of the business case
398 prepared by the privatization contract committee, the reasons for
399 approval or disapproval, any recommendations of the board and
400 sufficient information to assist the state contracting agency in
401 determining if additional steps are necessary to move forward with a
402 privatization contract.

403 (3) If the State Contracting Standards Board does not act on a
404 business case submitted by a state contracting agency within sixty
405 days of receipt of such business case, such business case shall be
406 deemed approved, except that no business case may be approved for
407 failure of the board to meet.

408 (4) In the case of a business case developed pursuant to subdivision
409 (2) of subsection (c) of this section, a two-thirds vote of the board shall
410 be required for approval of such privatization contract.

411 (5) Any state contracting agency may request an expedited review
412 of a business case submitted to the board if there is a compelling public
413 interest for such expedited review. If the board approves the agency's
414 request for such an expedited review, such review shall be completed
415 not later than thirty days after receipt of such request. If the board fails
416 to complete an expedited review within thirty days of receipt of a

417 request that was approved by the board, such business case shall be
418 deemed to be approved.

419 (i) A state contracting agency may publish notice soliciting bids for a
420 privatization contract only after the board approves such business
421 case, provided any privatization contract that is estimated to cost in
422 excess of one hundred fifty million dollars annually or six hundred
423 million dollars or more over the life of the contract shall also be
424 approved by the General Assembly prior to the state contracting
425 agency soliciting bids for such contract. The General Assembly may
426 approve any such contract as a whole by a majority vote of each house
427 or may reject such agreement as a whole by a majority vote of either
428 house. If the General Assembly is in session, it shall vote to approve or
429 reject such contract not later than thirty days after such state
430 contracting agency files such contract with the General Assembly. If
431 the General Assembly is not in session when such contract is filed, it
432 shall be submitted to the General Assembly not later than ten days
433 after the first day of the next regular session or special session called
434 for such purpose. The contract shall be deemed approved if the
435 General Assembly fails to vote to approve or reject such contract
436 within thirty days after such filing. Such thirty-day period shall not
437 begin or expire unless the General Assembly is in regular session. For
438 the purpose of this subsection, any contract filed with the clerks within
439 thirty days before the commencement of a regular session of the
440 General Assembly shall be deemed to be filed on the first day of such
441 session.

442 (j) Each state contracting agency shall submit, in writing, to the State
443 Contracting Standards Board, any proposed amendment to a board-
444 approved business case in order that the board may review and
445 approve of such proposed amendment. The board may approve or
446 disapprove of any such proposed amendment not later than thirty
447 days after receipt of such proposed amendment by the same vote that
448 was required for approval of the original business case. If the board
449 fails to complete its review within thirty days of receipt of such

450 proposed amendment, such amendment shall be deemed approved.

451 (k) Not later than thirty days after a decision of the board to
452 approve a business case, any collective bargaining agent of any
453 employee adversely affected by such proposed privatization contract
454 may file a motion for an order to show cause in the superior court for
455 the judicial district of Hartford on the grounds that such contract fails
456 to comply with the substantive or procedural requirements of this
457 section. A ruling on any such motion may: (1) Deny the motion; (2)
458 grant the motion if the court finds that the proposed contract would
459 substantively violate the provisions of this section; or (3) stay the
460 effective date of the contract until any substantive or procedural defect
461 found by the court has been corrected.

462 (l) (1) The board may review additional existing privatization
463 contracts and shall review not less than one contracting area each year
464 that is currently privatized. During the review of any such
465 privatization contract, no member of the board shall engage in any ex-
466 parte communication with any lobbyist, contractor or union
467 representative. For each such privatization contract selected for review
468 by the board, the appropriate state contracting agency shall develop a
469 cost-benefit analysis in accordance with subsection (b) of this section.
470 In addition, any affected party may petition the board for review of
471 any existing privatization contract, in accordance with the provisions
472 of subsections (f) to (h), inclusive, of this section.

473 (2) If such cost-benefit analysis identifies a ten per cent or more cost
474 savings to the state from the use of such privatization contract and
475 such contract does not diminish the quality of the service provided,
476 such state contracting agency shall develop a business case for the
477 renewal of such privatization contract in accordance with the
478 provisions of subsections (d) and (e) of this section. The board shall
479 review such contract in accordance with the provisions of subsections
480 (f) to (h), inclusive, of this section and may approve such renewal by
481 the applicable vote of the board, provided any such renewal that is

482 estimated to cost in excess of one hundred fifty million dollars
483 annually or six hundred million dollars or more over the life of the
484 contract shall also be approved by the General Assembly prior to the
485 state contracting agency renewing such contract. If such renewal is
486 approved by the board and the General Assembly, if applicable, the
487 provisions of subsection (j) of this section shall apply to any proposed
488 amendment to such contract.

489 (3) If such cost-benefit analysis identifies a cost savings to the state
490 of less than ten per cent, such state contracting agency shall prepare a
491 plan to have such service provided by state employees and shall begin
492 to implement such plan, provided: (A) While such plan is prepared,
493 but prior to implementation of such plan, such state contracting
494 agency may develop a business case for such privatization contract, in
495 accordance with the provisions of subsection (d) of this section, that
496 achieves a cost savings to the state of ten per cent or more. Any such
497 business case shall be reviewed by the board in accordance with the
498 provisions of subsections (f) to (h), inclusive, of this section, and may
499 be approved by the applicable vote of the board; (B) such privatization
500 contract shall not be renewed with the vendor currently providing
501 such service unless: (i) There exists a significant public interest in
502 renewing such contract, and (ii) such renewal is approved by a two-
503 thirds vote of the board; (C) the state contracting agency may enter
504 into a contract with a term of one year or less for the provision of such
505 service until such state contracting agency implements such plan; and
506 (D) the procedure for the transfer of funds from the General Fund, as
507 described in section 4-94, may be utilized to allocate necessary
508 resources for the implementation of the provisions of this subdivision.

509 (4) Notwithstanding the provisions of subdivision (3) of this
510 subsection, the renewal of a privatization contract with a nonprofit
511 organization shall not be denied if the cost of increasing compensation
512 to employees performing the privatized service is the sole cause for
513 such contract not achieving a cost savings to the state of ten per cent or
514 more.

515 (m) The Office of Policy and Management, in consultation with the
516 State Contracting Standards Board, shall: (1) Develop policies and
517 procedures, including templates for use by state contracting agencies
518 for the development of a cost-benefit analysis, as described in
519 subsection (b) of this section, and (2) review with each state contracting
520 agency the budgetary impact of any such privatization contract and
521 the need to request budget adjustments in connection with any such
522 privatization contract.

523 (n) The State Contracting Standards Board, in consultation with the
524 Department of Administrative Services, shall: (1) Recommend and
525 implement standards and procedures for state contracting agencies to
526 develop business cases in connection with privatization contracts,
527 including templates for use by state contracting agencies when
528 submitting business cases to the board, and policies and procedures to
529 guide state contracting agencies to complete such business cases, and
530 (2) develop guidelines and procedures for assisting state employees
531 whose jobs are affected by a privatization contract.

532 (o) Notwithstanding the provisions of subsections (a) and (i) of this
533 section, a state contracting agency may enter into a privatization
534 contract without development of a cost-benefit analysis or approval of
535 a business case by the State Contracting Standards Board if (1) the state
536 contracting agency finds that a privatization contract is required (A)
537 due to an imminent peril to the public health, safety or welfare or
538 constitutes an emergency procurement, and (B) the agency states, in
539 writing, its reasons for such finding; and (2) the Governor approves
540 such finding, in writing.

541 (p) Nothing in this section shall be construed to apply to
542 procurements that involve the expenditure of federal assistance or
543 federal contract funds, provided federal law provides applicable
544 procurement procedures that are inconsistent with the requirements of
545 this section.

546 (q) Except as provided in subsection (o) of this section, any
547 privatization contract entered into or renewed on or after July 1, 2014,
548 without complying with the provisions of this section shall be void. In
549 the case of a privatization contract entered into for an emergency
550 procurement, the executive head of the state contracting agency shall
551 certify, in writing, that such contract is for an emergency procurement
552 and that the nature of the emergency prevented full compliance with
553 the provisions of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2014</i>	4e-1
Sec. 2	<i>July 1, 2014</i>	4e-16

Statement of Purpose:

To add an additional requirement for privatization contracts involving reimbursable personal services, to permit the cost-benefit analysis to be waived under certain circumstances and to nullify any privatization contract other than for an emergency procurement entered into or renewed without complying with the provisions of section 4e-16 of the general statutes.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]