

Government Administration and Elections Committee

March 18, 2016

Senate Bill 439: An Act Concerning the State Contracting Standards Board and Requirements for Privatization Contracts

Senator Cassano, Representative Jutila, Ranking Members, and members of the Government Administration and Elections Committee:

My name is Travis Woodward, I am an engineer with the Department of Transportation and the president of the CSEA SEIU Local 2001 P-4 bargaining unit. I am testifying today in support of Senate Bill 439: An Act Concerning the State Contracting Standards Board and Requirements for Privatization Contracts and to raise your awareness of the amount of money the state of Connecticut spends every year for work that should be done in-house.

In the fall of 2014 the Department of Transportation performed a number of cost-effectiveness evaluations for outsourcing project inspection, project design and claims services. Those evaluations showed that project inspections completed by in-house state employees could be completed in many instances at half the cost of outside consultants. Lobbyists for the engineering services industry will tell you that doesn't take into account state employees' pensions and other benefits. This is false. The department's reports did an apples to apples comparison including benefits, fringes and overhead. Outsourced consultants bare a large additional cost from profits that are built into each contract. This built in profit is not capped.

According to the documents, "Since the Department [of Transportation] routinely enters into many Consultant Construction Engineering and Inspection contracts impacting a significant amount of funding, it was decided to complete three Cost Evaluations for this type of service." The State performed those evaluations using recent historical data from inspection contracts in the small, medium, and large ranges. If state employees were used on more projects large and small, this cost-effectiveness evaluation showed massive savings from 46% to 63% could be achieved. For large projects, utilizing in-house state employees would save an estimated \$4.7 million dollars per contract according to the evaluation.

CSEA has been saying for years that privatization is a gigantic waste of resources, and the Department's own evaluations prove our point. Connecticut could save millions by performing more work in-house if only the Department of Transportation wasn't so short staffed. CSEA estimates that if all construction projects had been performed by in-house state employees, Connecticut would have saved an average of 75 million dollars annually, and because of additional

work being done through the Governor's transportation initiative, this number is quickly approaching 100 million annually.

However, the State's evaluations highlight understaffing as a serious obstacle to obtaining these savings, "The length of time required to establish and fill in-house positions related to this work would be lengthy and would likely jeopardize the federal funding used to fund this work which must be obligated within a specified period of time."

These are the kinds of findings that the Contracting Standards Board was set up to help address. We need a functioning Contracting Standards Board and Senate Bill 439 will help that happen. I encourage you to pass this important legislation.

Travis Woodward, P.E.
President, P-4 Council
CSEA SEIU Local 2001