

February 19, 2016

Appropriations Committee

House Bill 5044: An Act Making Adjustments to State Expenditures for The Fiscal Year Ending June 30, 2017

Senator Bye, Representative Walker and Members of the Appropriations Committee,

My name is Oscar Gomez I am An IT specialist with the state of Connecticut. There's been much talk as of late about the role that consultants play in the state of Connecticut. From my experience, the trouble is that when we are purchasing software systems from these consultants, we then have pay the consultants to maintain it. Ideally once the state purchases a system from a consultant, they would then hand over the keys to state employees who would be able to modify the code to fit our needs. Unfortunately, because a lot of software purchased from consultants is proprietary, we then have to continually pay them to make any adjustments or modifications. It is like purchasing a car that only the dealer is allowed to drive.

I would also like to read you an excerpt from one of the contracts between SAIC and the state of Connecticut for DMV modernization services that was part of the 25 million dollar upgrade that went awry.

"During the five years immediately preceding this agreement, SAIC has been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, state, or local) contract or subcontract; Violation of federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax invasion, violating federal criminal tax laws, or receiving stolen property."

The document then goes on to describe how the United States Department of Justice brought a civil lawsuit against the company for violating the false claims act in connection with two separate contracts with the nuclear regulatory commission. The case went to trial and a jury rendered a judgment in favor of the government.

I need to pause for a moment to punctuate this next line from the document:

"This verdict in no way limits SAIC's ability to perform on any contract with the State of Connecticut."

This confession page can be found on page 232 of the 248 page contract. I have attached this page to my electronically submitted testimony.

This is clearly a company with some serious problems. Yet someone cleared them to do business with the state of Connecticut. Who made that determination? How was that determination made?

No one can show me a privatized IT contract that has come in on time, under budget, and did what it was supposed to do. That is a big problem for the state. Especially seeing as though the administration cannot produce a number for how much money is actually spent on these consultants. This number is likely to be in the hundreds of millions across the different departments and agencies.

Given the state's current financial situation, these contracts and the practice of utilizing consultants should be seriously scrutinized. Much of this would should be done in-house by state employees who can do this work on time, under budget and with a greater level of accountability than outside consultants can.

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**STATE OF CONNECTICUT, DEPARTMENT OF INFORMATION TECHNOLOGY
CONNECTICUT INTEGRATED VEHICLE AND LICENSING SYSTEM ("CIVLS")
MODERNIZATION PROGRAM - REFERENCE NO. 08ITZ0069MA
SCHEDULE B - LEGAL ISSUES**

Debarment or Suspension

During the five (5) years immediately preceding this Agreement, SAIC has been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, state, or local) contract or subcontract; violation of Federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, violating Federal criminal tax laws, or receiving stolen property.

On September 3, 2004, the U.S. Department of Justice (DOJ) filed a civil lawsuit in the U.S. District Court in the District of Columbia alleging, *inter alia*, that SAIC violated the False Claims Act, 31 U.S.C. § 3729, in connection with two separate contracts with the Nuclear Regulatory Commission, (NRC-04-92-037 and NRC-04-99-046). The complaint is based on an allegation that SAIC failed to report to the NRC certain organizational conflicts of interest (OCIs) that allegedly arose while SAIC was performing the contracts between 1992 and 1999. SAIC denied the Government's allegations and vigorously defended its position on the matters raised in the Complaint. A trial commenced on July 1, 2008. The jury rendered a verdict in favor of the government on two False Claims Act counts on July 31, 2008 and the court entered judgment for the government on October 9, 2008. SAIC has filed motions seeking to reverse the judgment and will, if necessary, file an appeal with the U.S. Court of Appeals for the District of Columbia Circuit. This verdict in no way limits SAIC's ability to perform on any contract with the State of Connecticut.

On June 30, 2009, the U.S. Department of Justice ("DOJ") intervened in a civil lawsuit previously filed under seal by a former government employee in the U.S. District Court for the Southern District of Mississippi, alleging various improprieties in connection with the award to SAIC of Task Order No. 4THL1704915, issued under the General Services Administration's Millennia Lite Contract. Under this task order, SAIC helped establish and support the National Center for Critical Information Processing and Storage ("NCCIPS"), on behalf of the Major Shared Resource Center for High Performance Computing operated by the Naval Oceanographic Office at Stennis Space Center, Mississippi. DOJ's complaint maintains that the alleged improprieties in connection with the award of the task order rendered each of SAIC's task order invoices a false and fraudulent claim within reach of the Civil False Claims Act, 31 U.S.C. § 3729, *et seq.* SAIC denies the allegations set forth in DOJ's complaint, and intends to mount a vigorous defense against these claims. This lawsuit in no way limits SAIC's ability to perform on any contract with the State of Connecticut.