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RE: HB 5041

Senator Maynard
Representative Guerrero
Members of the Transportation Committee

Thank you for allowing me to present testimony regarding HB 5041, an Act to Privatize the CT Department of Motor Vehicles. In our current state of fiscal affairs, it makes sense to look at all potential options to restructure and redesign the operations of the government of the State of CT. I would agree that we are in a period of permanent fiscal crisis, and that the way of doing business by the State of CT must be changed.

Over the years, not just in CT, but across our nation, we have seen municipalities and states take actions to reduce expenses, streamline operations, and focus on providing core services. Having been elected to local offices I have seen firsthand how outsourcing certain services has allowed the government to control costs while continuing to provide the public with needed services. Examples of this include outsourcing janitorial services, outsourcing solid waste collection services, contracting for Information Technology services and data processing, as well as ambulance services. In the school system, certain special education services are outsourced when the best solution lies outside the ability of the local school system to provide first class service.

Several states have privatized certain services such as toll roads and bridges, as well as automotive inspection services.

In CT, we have already seen the AAA take on responsibility for the renewal of Driver's Licenses. We have also seen the outsourcing of vehicle emission inspections. Additionally, the State of CT maintains control of Bradley Airport, but has outsourced the operations to the quasi-public Airport Authority.

Many, if not all of the services provided by the DMV could be outsourced. As mentioned before, Driver's License renewals can be handled outside of a DMV office. Vehicle registrations could be handled by a third party. Registration cancellations can already be handled electronically. I, for one, would gladly pay a couple of dollars to mail old license plates back to the state, rather than stand in line for an hour and a half or more at the DMV. Driver's tests could be provided by individuals and small businesses that are trained properly. Obviously, there is a need for proper training and oversight, as the operations of the DMV include a degree of public safety on our streets.

While I do not know if the ultimate outcome of HB 5041 is a complete privatization, or a privatization of certain services. In either event, I can see an organization similar to the Public Utility Control Commission be in place to oversee that any third party service provider adheres to state regulations, and is meeting the needs of the public at reasonable costs. Since any third party would most likely be a for-profit organization, there will be a need to ensure it is done in such a manner as to protect the public. And any for-profit organization will need to maintain a fair cost structure and provide a high level of customer service, or they would be likely to lose their contract in the future.

Regarding costs, I would be concerned as to the process that will be followed regarding Section 4e-16 of the General Statutes. A cost benefit analysis must be completed prior to any definitive action. Who will be creating the cost benefit analysis, and what their connection to the eventual outcome may be should be of the highest concern. As the statute says if a greater than 10 percent savings could be found, then the state contracting agency *shall* develop the business case. If the savings are less than 10 percent, the contracting agency *may* create a business case for privatization (emphasis by the author). How that 10 percent threshold will be determined needs to be clearly defined.

Privatization of services, were appropriate, should be reviewed by all agencies of the State of CT. I encourage the Transportation Committee to endorse HB 5041, and send to the House and Senate for review, and hopefully, ratification.

Thank you.

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