Commerce Committee
March 29, 2018
Senate Bill 445 – Oppose

Good afternoon, Representative Simmons, Senator Hartley, Senator Frantz, and members of the Commerce Committee.

My name is Stephen Anderson, and I am the President of CSEA SEIU Local 2001, a labor union which represents thousands of workers employed in the private and public sectors. I submit this testimony today on behalf of the 25,000 members of CSEA SEIU Local 2001 in opposition to Senate Bill 445: AN ACT CONCERNING AN ANALYSIS OF THE RECOMMENDATIONS OF THE COMMISSION ON FISCAL STABILITY AND ECONOMIC GROWTH.

We oppose any part of Connecticut’s government treating this report as anything approaching a credible policy prescription for our state’s fiscal problems, hence our opposition to S.B. 445. While there are some ideas contained in the commission’s report that are perfectly fine, such as raising the minimum wage, the commission has publicly insisted that their recommendations be taken as a whole. This package is badly flawed, which should come as no surprise as it was written by a group of individuals who lacked any significant knowledge of, or experience with state government. Connecticut does not need half-baked ideas muddying the waters and making it more difficult to find real solutions to our state’s struggles. Fortunately, real solutions do exist.

We want to focus on the idea peppered throughout the commission’s report that privatization and outsourcing would generate savings for the state. The commission cites no evidence for these beliefs yet suggest privatization “should be aggressively pursued.” Privatization and outsourcing are not new ideas, and they are far from magical money savers. Privatization has been pushed by administrations for over two decades in Connecticut, and in that time CSEA has been consistently critical of privatization schemes entered into without any due diligence. Common sense dictates that to achieve savings, you have to at least look at what is the most cost effective method to get work done, and frequently that means utilizing our own state employees who do work at cost, rather than paying an outside company to do the same work at a substantial mark-up. Prior to 2014, the State of Connecticut made absolutely no effort to even check if it would be more cost effective to continue doing work in-house before entering into privatization contracts. That changed in 2014 thanks to new legislation, but old contracts were grandfathered in and still do not undergo any cost-effectiveness evaluations to see if they are actually saving the state money. While the commission would have us go back to the days of unchecked privatization, the sad fact is, when those evaluations are completed they frequently show previously privatized work would have been completed more cost-effectively had it been done in-house. When the Department of Transportation does evaluations of their private contracts, they regularly find that work done in-house by state employees costs significantly less than using outside contractors. For instance, cost-effectiveness evaluations performed just recently by the Connecticut DOT showed $90 million in annual savings if construction inspection and engineering services were done by in-house state employees, instead of private consultants.

And just last month, the State Contracting Standards Board issued a report detailing another huge problem with the state’s current privatization and outsourcing contracts; the vast majority never undergo any form of competitive bidding. That report found that $260 million could be saved if all state contracts underwent competitive bidding.

It is evident that the Commission on Fiscal Stability and Economic Growth did not do its due diligence when making their recommendations around outsourcing, apparently not even bothering to look at the state’s own history with the practices they are advocating. This sloppiness should give all legislators pause when they consider viewing the commission’s recommendations as a serious policy prescription. If the Commission insists on pushing their badly flawed recommendations as a package, then it must be rejected. We should not bank our future on gimmicky commissions, but rather listen to dedicated front-line state employees who work every day to ensure our government works for all of Connecticut’s residents.

Stephen Anderson,
President, CSEA SEIU Local 2001