Good afternoon, Representative Rojas, Senator Fonfara, Senator Frantz, and members of the Finance, Revenue and Bonding 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.

CSEA opposes House Bill 5587; An Act Concerning 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 House Bill 5587. 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 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 this belief yet suggest privatization “should be aggressively pursued.” Privatization and outsourcing are not a new ideas, and they are far from a magical money savers. Privatization has been pushed and implemented 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 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 upwards of $70 million in savings that could be generated by bringing privatized work in-house.
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.

**CSEA supports Senate Bill 531, An Act Concerning The Assessment Of A Fee On Certain Employers.** The employers addressed in this bill are bad actors taking advantage of our social safety net in order to pad their profit margin; that’s fundamentally wrong and an abuse of the system. To put this problem in perspective, Walmart’s 2017 annual financial statement showed 124.62 billion dollars in profits yet the company has continued to pay wages so low that their employees qualify for public assistance. A 2014 study by Americans for Tax Fairness found that a single Walmart Supercenter cost taxpayers between $900,000 and $1.75 million per year, or between $3,000 and $5,800 per worker. This legislation would be an important step towards addressing the abuses of our social safety net that have been institutionalized by many large corporations.

**CSEA opposes Senate Bill 530, An Act Concerning Contributions To State-Wide And Municipal Community Supporting Organizations.** This bill would provide for tax credits for cash donations made by taxpayers to approved state-wide and municipal community supporting organizations. While there are good and decent organizations that could theoretically benefit from this bill, in its current form this legislation is far too broad and could bestow tax benefits to 501(c)3 entities that are truly partisan in nature. For instance, the Yankee Institute could be defined as a "community supporting organization", however their agenda is highly partisan. We urge the committee to reject this legislation.

**CSEA opposes Senate Bill 525, An Act Establishing The Connecticut Investment Board.** This bill would strip the State Treasurer of their independent investment decision making ability and put all investment decisions into the hands of a new committee that would be made up stockbrokers and hedge fund managers. The rationale for such a move is unclear considering the status quo is working exceedingly well. As recently as 2015, the Connecticut Treasury’s pension fund management was ranked first in the nation by the Center for Public Integrity, and in 2017, Connecticut’s two largest pension funds, the State Employees’ Retirement Fund (SERF) and the Teachers’ Retirement Fund (TRF) reported investment returns of 16.51% and 16.33%, outperforming their benchmarks and their actuarial investment assumptions of 6.9% and 8.0%. It doesn’t make sense to empower hedge fund managers and stock brokers to overrule the State Treasurer when the Treasurer has delivered a stellar record of fund management.

**Regarding House Bill 5588, House Bill 5589, Senate Bill 528, and Senate Bill 533,** CSEA recommends that if the state is going to move forward with these studies that frontline workers be included as they see up close the realities that affect the people of our state and will ultimately be the individuals tasked with implementing any changes recommended by these studies.
Again, regarding **Senate Bill 538, An Act Establishing An Office Of Regional Efficiency Development.**

If the General Assembly is going to move forward with this type of office, public employees and labor unions should be involved. Our members, as frontline workers, are in the best position to participate in a process designed to develop the most effective and efficient system for the delivery of municipal services. Our members do this work and their experience and knowledge is invaluable.

Stephen Anderson,
President, CSEA SEIU Local 2001