



Senate

General Assembly

File No. 339

February Session, 2018

Substitute Senate Bill No. 436

Senate, April 9, 2018

The Committee on Human Services reported through SEN. MOORE, M. of the 22nd Dist. and SEN. MARKLEY, J. of the 16th Dist., Chairpersons of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT PROMOTING PUBLIC-PRIVATE PARTNERSHIPS FOR THE COST-EFFICIENT DELIVERY OF HUMAN SERVICES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. (*Effective from passage*) (a) For purposes of this section, (1)
2 "human services" means direct services to state residents delivered by
3 the Departments of Social Services, Developmental Services, Children
4 and Families or Mental Health and Addiction Services; and (2) "public-
5 private partnership" means the relationship established between the
6 Departments of Social Services, Developmental Services, Children and
7 Families or Mental Health and Addiction Services by contracting with
8 a private, nonprofit entity for the delivery of human services.
- 9 (b) There is established a public-private partnership advisory
10 council for the delivery of human services. The advisory council shall
11 consist of the following members:
- 12 (1) Two representatives of nonprofit human services organizations

13 appointed by the speaker of the House of Representatives, both of
14 whom have expertise in the delivery of human services;

15 (2) Two appointed by the president pro tempore of the Senate;

16 (3) One appointed by the majority leader of the House of
17 Representatives;

18 (4) One appointed by the majority leader of the Senate;

19 (5) One appointed by the minority leader of the House of
20 Representatives;

21 (6) One appointed by the minority leader of the Senate;

22 (7) The Commissioners of Social Services, Developmental Services,
23 Children and Families and Mental Health and Addiction Services, or
24 the commissioners' designees;

25 (8) Two persons appointed by the Governor; and

26 (9) The Secretary of the Office of Policy and Management, or the
27 secretary's designee.

28 (c) Any member of the advisory council appointed under
29 subdivision (2), (3), (4), (5) or (6) of subsection (b) of this section may
30 be a member of the General Assembly.

31 (d) All appointments to the advisory council shall be made not later
32 than thirty days after the effective date of this section. Any vacancy
33 shall be filled by the appointing authority.

34 (e) The speaker of the House of Representatives and the president
35 pro tempore of the Senate shall select the chairpersons of the advisory
36 council from among the members of the advisory council. Such
37 chairpersons shall schedule the first meeting of the advisory council,
38 which shall be held not later than sixty days after the effective date of
39 this section.

40 (f) The administrative staff of the Commission on Women, Children
41 and Seniors shall serve as administrative staff of the advisory council.

42 (g) Not later than November 1, 2018, the advisory council shall
43 report, in accordance with the provisions of section 11-4a of the general
44 statutes, to the joint standing committees of the General Assembly
45 having cognizance of matters relating to appropriations and the
46 budgets of state agencies, children, human services and public health.
47 The report shall include, but need not be limited to, recommendations
48 concerning state-administered human services that may be directly
49 provided by a public-private partnership on a more cost-efficient basis.
50 Said joint standing committees shall hold a public hearing on the
51 report not later than thirty days after receipt of the report.

52 (h) The advisory council shall terminate on January 1, 2019.

53 Sec. 2. (NEW) (*Effective from passage*) The Commissioners of Social
54 Services, Developmental Services, Children and Families and Mental
55 Health and Addiction Services may contract for the delivery of human
56 services through a public-private partnership recommended by the
57 public-private partnership advisory council pursuant to section 1 of
58 this act. The provisions of section 4e-16 of the general statutes shall not
59 apply to any such contract.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section

Statement of Legislative Commissioners:

In Section 1(a)(1), "and" was changed to "or" for accuracy.

HS Joint Favorable Subst. -LCO

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note***State Impact:*** None***Municipal Impact:*** None***Explanation***

The bill establishes a council and allows the state departments of Social Services, Developmental Services, Children and Families and Mental Health and Addiction Services to enter into certain contracts, which is not anticipated to result in a fiscal impact as such agencies may currently enter into contracts with private nonprofits for the provision of human services.

The Out Years***State Impact:*** None***Municipal Impact:*** None

OLR Bill Analysis**sSB 436*****AN ACT PROMOTING PUBLIC-PRIVATE PARTNERSHIPS FOR THE COST-EFFICIENT DELIVERY OF HUMAN SERVICES.*****SUMMARY**

This bill establishes a public-private partnership advisory council for the delivery of human services. Under the bill, human services are direct services to state residents delivered by the departments of social services (DSS), developmental services (DDS), children and families (DCF), and mental health and addiction services (DMHAS). Under the bill, a public-private partnership is a contractual relationship established between any of the above agencies and a private, nonprofit entity to deliver human services.

The bill requires the advisory council, by November 1, 2018, to report to the Appropriations, Children's, Human Services, and Public Health committees on recommendations concerning state-administered human services that may be directly provided by a public-private partnership on a more cost-efficient basis. The bill requires the committees to hold a public hearing on the report within 30 days after receiving it.

Under the bill, the council terminates on January 1, 2019.

The bill also allows DSS, DDS, DCF, and DHMAS to contract for delivery of human services through a public-private partnership recommended by the advisory council. The bill exempts recommended contracts from the contracting requirements that generally apply when a state agency privatizes a state service. Such requirements include preparation of cost-benefit analyses; preparation and submission of business cases; notification of collective bargaining units in certain cases; and approval by the State Contracting Standards Board and, in

some cases, the General Assembly (see BACKGROUND).

EFFECTIVE DATE: Upon passage

ADVISORY COUNCIL

Membership and Meetings

Under the bill, the public-private partnership advisory council has 15 members, including (1) the DSS, DDS, DCF, and DMHAS commissioners or their designees, (2) the Office of Policy and Management (OPM) secretary or his designee, and (3) additional appointments as shown in Table 1.

Table 1: Advisory Council Appointments

<i>Appointing Authority</i>	<i>Number of Members and Qualifications</i>
House speaker	Two representatives of nonprofit human services organizations with expertise in delivering human services
Senate president pro tempore	Two members
House majority leader	One member
Senate majority leader	One member
House minority leader	One member
Senate minority leader	One member
Governor	Two members

The bill allows advisory council appointees, other than the governor's, to be members of the General Assembly. It requires appointing authorities to make all appointments within 30 days of the bill's passage and fill any vacancy on the council.

The bill requires the House speaker and Senate president pro tempore to select the advisory council's chairpersons from among its members. The chairpersons must schedule the advisory council's first

meeting within 60 days after the bill's passage.

The bill requires the Commission on Women, Children, and Seniors' administrative staff to serve as the advisory council's administrative staff.

BACKGROUND

Privatization Contracts

By law, before a state agency publishes notices soliciting bids for a contract to privatize a state service, it must (1) perform a cost-benefit analysis according to statutory procedures, (2) prepare a business case if the cost-benefit analysis identifies a savings of at least 10%, and (3) submit the business case to the State Contracting Standards Board for approval. Agencies may prepare business cases when the cost-benefit analysis indicates a lower savings, but such business cases must meet additional requirements to receive board approval. Contracts over \$150 million annually or \$600 million total must also be approved by the General Assembly.

If the proposed contract would result in the layoff, transfer, or reassignment of at least 100 employees, the state agency must (1) notify state employees of the potentially affected bargaining units, (2) provide an opportunity for those employees to reduce the operating costs of the services being privatized, and (3) assist them in submitting a bid to provide the services. The law also gives collective bargaining agents of any employees adversely affected by a board-approved privatization the right to file a motion for an order to show cause in the Hartford Superior Court within 30 days of the board's approval. The court may deny the motion, grant the motion if it finds the proposed contract violates the law, or stay the contract's effective date until any defect found by the court is corrected.

The law also requires the board to review existing privatization contracts in at least one contracting area each year. The law subjects existing contracts to a similar process and requires state agencies to plan to have privatized services provided by state employees if the

cost-benefit analysis identifies that the privatization contract saves less than 10%.

COMMITTEE ACTION

Human Services Committee

Joint Favorable

Yea 19 Nay 0 (03/22/2018)