



Testimony of

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Government Administration and Elections Committee
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SB 916 An Act Concerning Applications for Prequalification by Contractors and Substantial Contractors
SB 917 An Act Concerning the State Contracting Standards Boards and Requirements for Privatization Contracts
HB 7087 An Act Concerning the Reporting of the Triennial Audit of State Contracting Agencies by the State Contracting Standards Board

Good afternoon Senator Flexer, Representative Fox and members of Government Administration and Elections Committee. My name is Sal Luciano and I am proud to serve as the President of the Connecticut AFL-CIO, a federation of hundreds of local unions representing more than 220,000 members in the private sector, public sector, and building trades. Our members live and work in every city and town in our state, and reflect the diversity that makes Connecticut great. Thank you for the opportunity to testify today on a number of bills impacting working families.

SB 916 An Act Concerning Applications for Prequalification by Contractors and Substantial Contractors:
SUPPORT

This proposal simply asks that an applicant for prequalification disclose any legal or administrative proceedings (pending, settled or concluded) relating to the nonpayment or underpayment of wages or benefits within the past five years. This information currently is not being provided by the applicant. The current application does ask the applicant to disclose adverse legal or administrative decisions, but it does not specifically inquire about issues relating to wage theft.

While we recognize that the Department of Administrative Services (DAS) is a procurement authority, not an enforcement one, we submit that the agency still has a responsibility to the public to use taxpayer dollars efficiently and ethically. With the transparency and accountability provided in SB 916, DAS can disincentivize state contractors from circumventing state labor laws. SB 916 isn't a total solution, but it will help curtail employer wage theft and aid the Department of Labor in enforcement proceedings, if needed. We urge the committee to support this bill.

SB 917 An Act Concerning the State Contracting Standards Boards and Requirements for Privatization Contracts:
SUPPORT

The State Contracting Standards Board (SCSB) was enacted in 2007 as an independent Executive Branch agency after Governor Rowland pled guilty to accepting vacations, airfare and home improvements from contractors who did business with the state. The SCSB is charged with ensuring the effectiveness and integrity of the state contracting and procurement processes and has authority over acquisition and management of supplies, services, and construction; state contracting and procurement processes and practices; and contracts for the construction, reconstruction, alteration, remodeling, repair, or demolition of public buildings. It also has significant authority to oversee the outsourcing of state services. Since 2010, if a state agency seeks to enter into a contract that privatizes services performed by state employees, it must conduct a cost-benefit analysis on the privatization contract.

Since its creation, the SCSB has been limited in its ability to perform its core functions due to repeated attempts (many successful) to eviscerate its funding, the inability for months at a time to achieve a quorum due to incomplete appointments and insufficient staffing levels. This has been troubling not just because the Board is charged with key government oversight responsibilities to enhance transparency and prevent corruption, but it also has tremendous potential to identify significant cost savings and efficiencies throughout state agencies.

The SCSB began to turn a corner in the last year or so when all board member vacancies were finally filled, and an Executive Director and Chief Procurement were hired. Now it needs two things to fulfill its mission; adequate funding and the improvements to the SCSB statute contained in SB 917.

SB 917 improves the work and effectiveness of the SCSB in several ways:

- Expands oversight to include contracts that have subsequent annual costs over \$50,000. For example, a proprietary software contract often requires expensive licensing agreements that must be paid even *after* the initial software costs have been fulfilled.
- Adds quasi-public agencies to the definition of “state contracting agency.” This is significant because quasi-public agencies are considered contracting agencies under current statute. To protect taxpayer dollars, transparency provided by the State Contracting Standards Board should apply the Connecticut Lottery Corporation, and every other quasi-public.
- Changes the quorum requirement to a majority of the appointed Board members when the full complement of appointments have not been filled by the respective appointing authorities. The SCSB has languished in periods when vacancies have not been filled in a timely manner.
- Makes sure privatization contracts are null and void unless and until the bill’s provisions are met. This is especially important to ensure cost-benefit analyses and cost-effectiveness evaluations are conducted and completed.
- Clarifies that a full review by the Attorney General is required of state contracts and provides notice to state contracting agencies that absent such a review, the privatization contract is deemed invalid.

We often hear that state government should be run more like a business. While the state’s mission differs greatly than many espoused by the business community, there are things the state can learn from business. I suspect that no business would enter into any contract without first doing its full due diligence like conducting a cost-benefit analysis or completing a cost-effectiveness evaluation.

Non-profit providers assert that this bill, and others like it, create needless administrative burdens for state agencies and non-profit agencies. They also claim the proposal is unjustifiable in times of fiscal constraint. Yet that is precisely the reason we urge the committee to pass this bill. If non-profits can truly provide the same service for fewer state dollars, then they should have no problem demonstrating that to state agencies and State Contracting Standards Board by fulfilling the requirements of current statute and this proposal. In times of fiscal constraint, taxpayers need to have certainty that public dollars are being spent appropriately and effectively.

HB 7087 An Act Concerning the Reporting of the Triennial Audit of State Contracting Agencies by the State Contracting Standards Board: SUPPORT

HB 7087 requires the State Contract Standards Board (SCSB) to conduct triennial audits of state contracting to ensure compliance with statutes and regulations. It also allows the agency to respond directly to the SCSB about its audit results. In addition, the bill permits the SCSB to refer the audit and the agency response to the appropriate committees within the General Assembly.

This bill is important because the SCSB has found many instances where state agencies have not properly followed state procurement procedures. A 2017 report issued by the SCSB found that up to 73% of agency contracting was done without competitive bidding, potentially costing taxpayers more than if the state received a lower bid.

The State Contracting Standards Board ensures state procurement processes are executed in an ethical manner and in so doing, performs an essential state function of safeguarding public dollars. These bills build on the spirit of the original law and ensures that taxpayer dollars are spent wisely. We urge the committee to pass SB 917 and HB 7087.

Thank you for the opportunity to testify today. I’d be happy to answer any questions you may have.