SENATOR OSTEN (19TH): Nice to see you all here today. I think first up we have the Secretary of State. There you go [Laughter]. Go ahead and start.

SECRETARY MERRILL: Good afternoon, Senator Winfield, Senator Osten. Nice to see you, ranking members and members of the committee. For the record, my name is Denise Merrill. I am Secretary of the State of Connecticut. I have written testimony that goes into much more detail than I will provide you here about the revenues my office is now generating to the General Fund, expenses with which we do it, the head count of the staff, and all that information that’s background. But that’s not why I’m here today.

Election administration has changed dramatically since 2016 when I became President of the National Association of Secretaries of State in July of 2016. Cybersecurity was hardly mentioned at the annual meeting. At our recent convention, virtually panel, training, and workshop focused on ensuring that our elections remain safe from cyberattacks and the spread of pernicious disinformation, which I would argue is probably a bigger problem even than the cybersecurity. As you’re aware, in September 2017, we learned from the Federal Department of Homeland Security...
Security that Connecticut was one of the states that the agents of the Russian Government targeted with cyber scans of our public-facing on-line election infrastructure. FYI, that’s the voter file, only the voter file, and I always make sure people understand this is not about the tabulating of results; it is about the list. Our perimeter security successfully turned the scan away. In layman’s terms, the Russians rattled the doors and windows, but our locks and alarm systems held firm.

I and members of my staff are in constant contact with federal authorities, and one thing is crystal-clear: Foreign actors aren’t done trying to interfere with American elections. As one of my colleagues put it at a recent meeting, it’s a lot cheaper to disrupt American elections and sow disrupt with the public than it is to buy an aircraft carrier or a submarine. In classified briefings I have attended, DHS has made it clear that Russia isn’t the only country seeking to interfere with our elections. China, Iran, and others have also emerged as threats. The election administration world has changed, and it changed quickly and not for the better. Connecticut must be prepared for the new future of election security, cybersecurity, and that’s true of many other areas, of course.

As a result of the designation of the tools of election administration as critical infrastructure — we have been deemed critical infrastructure by the Department of Homeland Security of the United States -- our office has taken advantage of every opportunity offered by the Federal Government. We’re members of both MS- and EI-ISAC, and I won’t go into what all these acronyms mean, but I’ve had
to learn them myself. We use Albert Network Monitoring. We have a full risk and vulnerability assessment performed by DHS and have participated in multiple laptop cyber-incident exercises including with our election administration partners at the local level. We’ve already started the process of meeting with federal and local state law enforcement and cybersecurity specialists to prepare for 2020. Our office is taking every action, working with every partner, and taking advantage of every federal program we can in order to ensure our elections are safe from foreign interference.

So, I’m sitting before you today to request the necessary resources to protect our elections before what is sure to be one of the most pivotal and contested elections in our nation’s history. I’ve sat where you sit today, and I know how difficult a task it is to balance a budget. It’s never easy to ask for more money, and I wouldn’t be here if the threat were not very real and very serious. I am asking you for the resources that the Secretary of State’s Office needs to ensure that Connecticut’s elections remain among the best, most trustworthy and protected elections in the United States and in the world.

I’m asking you to appropriate funds necessary to hire one position, Information Technology Analyst. It has been included in the administration’s budget proposal. This position will be the key cybersecurity asset within the Office of the Secretary of State with specialized knowledge of cybersecurity related to election infrastructure and responsibility for working with federal, state, and local officials to ensure best practices, coordinate incident responses, and protect our elections from
attack. The threat of interference is real, and I have been part of the national planning process to ensure our elections remain free and fair. We are, and will always be, doing everything possible to protect the security of our elections.

The Federal Help America Act funds -- these were federal funds that we received last year, about $5 million dollars -- and the new round which we probably will receive this year will be a tremendous help, but they are temporary. We need resources to make cybersecurity a permanent function of the election administration of this office including training and coordinating with local governments across state government and the federal government. This will be a permanent threat to our election administration for the foreseeable future, in my view. We’ve reached a critical juncture. Hostile foreign powers that are attempting to interfere aren’t just trying the hack of our elections. They’re trying to hack the minds of the American people by sowing distrust of the very governmental institutions that make America great. We just commit to both stop any attempt at interference and to let every Connecticut resident know that we’re doing everything we can to protect our elections so that they can remain in faith with us and trust the election results.

Thank you for partnering with me and all of our local election officials in this effort, and I’ll stop there. Thank you very much.

SENATOR OSTEN (19TH): Are there any questions? Senator Formica.

SENATOR FORMICA (20TH): Thank you, Madam Chair. Good afternoon, Madam Secretary. Good afternoon,
everyone. With regard to the cybersecurity position, we had for some years here a very talented Cybersecurity Department led by Mr. House. Do you have any insight as to why that was deemed unnecessary in this administration moving forward?

SECRETARY MERRILL: I really don’t. We do interact all the time, probably every day with the resource of DAS/BEST, the State IT Department. They house our voter file. I thought that Mr. House was there as a planning function originally, and I don’t know what happened to that whole effort. I imagine it’s been subsumed into the bigger department, but I don’t really know.

SENATOR FORMICA (20TH): It is -- my concern is that we are trying to centralize so many things, and you’re asking for one position that may be very well needed. Certainly when it looks to elections, we want to make sure that, you know, everything is beyond reproach, right? And then make sure they’re protected. But I would like to see Mr. House’s position reinstated to make sure that the entire form of government, you know, is protected. And, so, that’s kind of my question, and I haven’t gotten an answer to that yet. So I thought you may have had a policy decision there saying they’re only going to put it in a few places or something.

SECRETARY MERRILL: I have been coordinating with DAS/BEST and with Mr. Raymond, Commissioner Raymond, on these issues. This position we feel very strongly should be embedded in the Secretary of State’s Office because this is someone who has to work -- we have a special situation in the sense that we have a -- our voter file has a drop point in every town in the state. And, so, we not only have
to ensure the state system is secure; we have to make sure that every town system is secure, and it all feeds together. So, if you had some sort of breach in one town, it could really impact the entire voter file, and that’s our concern, you know; so we have done things already. The federal money has covered us for many of these processes like we’re putting in place simple things like dual authentication. We were still not using that for this system. So, I think it’s a bit of a special situation because we are working so directly with all the towns as opposed to other state files which might be more centralized.

SENATOR FORMICA (20TH): Okay, thank you. Thank you very much. Thank you Madam Chair.

SENATOR OSTEN (19TH): Yes, Representative Wilson.

REP. WILSON (66TH): Thank you, Madam Chair, and thank you, Madam Secretary, for being here. So, listening to you, a concern comes to my mind, and that is when you talk about the access or vulnerability potential at the town level, I know that a lot of our town registrars are elected positions. Am I correct? Are all town registrars elected positions?

SECRETARY MERRILL: Yes, that’s correct.

REP. WILSON (66TH): So, really any citizen could run for a registrar’s position?

SECRETARY MERRILL: Yes.

REP. WILSON (66TH): Have we looked at any qualification criteria? In other words, I know this may be a sore subject. In some communities we have folks serving in those positions who have little-to-
no computer skills, and, so, therefore, it would seem to me very difficult to control how someone is able to adapt, let’s say, to your standards at the town level. Could you speak to that, please?

SECRETARY MERRILL: Yes, and thank you for bringing that up. I am well known for my concern in this area, and a few years ago in response to exactly that concern, I did make some proposals for different ways of doing this, but in the end, it was not acceptable. So, we now have a requirement that all registrars become certified through our office. We have a very extensive training program that the state provides, and they have two or three years, depending on when they come in, to fulfill the requirements, and we have now integrated into that requirement cybersecurity training, things like how to manage the computer systems. And we have actually instituted some changes to the way it’s all managed from the state level, as well.

We have something called a virtual desktop now that will be implemented probably in the next few months that seeks to kind of make sure -- we will now know what software is being used at the local level. One concern we’ve had was that some towns are still using very old software, like, I guess we thought maybe some might still be using Microsoft 7 which isn’t even supported anymore. The new system we are using -- I think it is Microsoft 10 or 11, Tom? Ten, yeah, 10, and, so we’ll be able to institute a few more controls, and, honestly, the training is so important.

You really have hit on something that is very difficult to manage from a state level. But we think we have enough controls in place. We have
constant oversight, and we have training meetings, we have two conferences a year, and I think it’ll work out. I’m pretty confident. And we have a lot of checks and balances in place when it comes to the tabulators and the way votes are counted. We’ve taken a very cautious approach to any new technology. We have not certified these electronic poll books, for example. We looked at some of this. But, I think we’ll be fine, but the certification program is terribly important, and we want to ensure that every registrar has taken this program so that they will be more proficient in some of these new technologies.

REP. WILSON (66TH): Thank you for that. And just one followup. You mentioned the training that they’re required to take. Is that on the municipalities’ dime, or is it on your budget?

SECRETARY MERRILL: The municipalities pay a fee for the training, although it is supported by a program that we’ve developed through UConn. The municipality pays, I think it’s $1600 dollars for the training program for each registrar.

REP. WILSON (66TH): Thank you. And one additional question. Do you have folks who have been unable to pass the prerequisite testing that goes with that training?

SECRETARY MERRILL: I believe we have, and we have sent letters to those folks. We have hearings where there’s a whole process that’s in statute by which we try to enforce the rules, and so far, we’ve had pretty good compliance, but it’s a new program; so, we’ve given people plenty of time to take all the courses. And I do believe we have had a few. I’d have to -- yes, we have, yes.
REP. WILSON (66TH):  I saw the head nod back there. I mean, it’s a very touchy area because we’ve got many registrars who’ve been at it for many years and certainly paid their dues, so to speak, to their communities, and it’s a very difficult situation to have to deal with. I’m kind of speaking from some experience, so it isn’t easy. So, thank you very much. Thank you, Madam Chair.

SENATOR OSTEN (19TH):  Thank you. Senator Winfield.

SENATOR WINFIELD (10TH):  Thank you, Madam Chair. Good afternoon. I want to talk a little bit about those locks and alarms that stayed in place and the position that you’re seeking. So, how long have we been doing Albert Network Monitoring?

SECRETARY MERRILL:  Albert Networks -- I might have to get my IT director up here to answer some of this; so, I can have him answer that. Tom, do you want to come up?

THOMAS MIANO:  Good afternoon.

SECRETARY WINFIELD (10TH):  Good afternoon.

SECRETARY MERRILL:  Introduce your name to --

THOMAS MIANO:  My name is Thomas Miano, and I’m the Agency IT manager for the Secretary of State’s Office. We, as far as I know, DAS/BEST has been using the Albert Sensors prior to the 2016 election. I don’t know the specific date, but I know it was prior to 2016.

SENATOR WINFIELD (10TH):  And the individual that you’re seeking, I would assume that regardless of the conversation you had with Senator Formica, you would still feel you needed that individual in order
to do what would put us in the best position here. That is my assumption.

SECRETARY MERRILL: Absolutely.

SENATOR WINFIELD (10TH): And what is that person’s relationship to -- what would be that person’s relationship to the systems we have in place? So, what is the reason why you’d need that separate individual, I guess is the question?

SECRETARY MERRILL: The position would be an IT 3 analyst, and maybe, Tom, you could answer that in a little more detail.

THOMAS MIANO: Yes, and we do leverage the use of the security services of DAS/BEST. They host our systems, and they protect our networks, but this position would be more specific to the elections’ lifecycle. So, they would have subject matter expertise in the elections’ process, so that they could determine what was required for contingency planning, for any other additional mitigation measures to protect our voter systems, to protect those specific systems related to the elections’ infracture which are skills that the DAS/BEST folks do not possess.

SENATOR WINFIELD (10TH): And is there some -- I’m not an expert on this; I just know a very tiny bit about it. But is there some special training in terms of intrusion detection system that is different for you all with elections than in general under the network, the outward networking system or not? I don’t know.

THOMAS MIANO: No, and that’s a specific -- and that’s what we use DAS/BEST for, actually, in
detection, intrusion prevention, firewall, and all of that -- all of the perimeter security is what BEST handles for us.

SENATOR WINFIELD (10TH): And then your individual would deal with things beyond that point.

THOMAS MILANO: Yeah, would be dealing with the local officials, making sure that they're following the guidelines that should be followed.

SENATOR WINFIELD (10TH): Okay. Thank you.

SENATOR OSTEN (19TH): Representative McCarty.

REP. MCCARTY (38TH): Thank you, Madam Chair, and welcome, Secretary Merrill. It’s good to see you today. Senator Winfield touched upon my question, was just to look at what kind of specialized training in it, and do we have a pool of qualified individuals that can that can work on that particular specific type of demand that we’re asking of the person? That was part of the question. And then, if I may continue, if it would be possible at all, you mention a number of the other federal programs that you’ve taken advantage of. If we could just perhaps have an outline of some of those programs and if there is any hope for additional grant monies coming to your office, and then also to recognize and thank you for the $33 million that you put back into the General Fund. I know it’s a lot of work. So, if you could answer the IT specialist training, I know this has been a topic that we’ve talked about for many years now.

SECRETARY MERRILL: Yes, thank you. So you want to answer that, or I can. The first part of your question was about whether we have a pool of people
that can meet this criteria. We don’t know yet because we haven’t put it out to bid. I don’t know, Tom, if you think we’ll be able to find people. It’s increasingly difficult, frankly, to get IT people at the salaries we offer, but we just absolutely have to have this permanent position because it will be an ongoing issue, and, so we’re hoping we get qualified people who apply.

And as far as the rest of the question --

REP. MCCARTY (38TH): The other part was you alluded to many of the federal programs that are out there, and if we could just have perhaps an idea of what some of those programs are, what are they doing, and is there any hope for additional -- I forget, the America First Trust. That is only a limited time that you receive that grant, and is there any possibility of any other grants coming in.

SECRETARY MERRILL: Yeah, actually the HAVA funds that we received so far are sort of like leftover funds from 2002 which was the first time the Federal Government provided any funding for elections. So, with the first round of funding that we got probably 6 or 8 months ago, we put together a task force of all the interested parties and came up with the needs that we could meet with this $5 million. And it includes a lot of work with the towns such as the Virtual Desktop, and I’m sure Tom can tell you more about what that is. The dual authentication, some improvements to our systems, but as far as other additional federal resources, the DHS came in immediately after our request from the states in 2017 and came in with, I guess what I’d call different products, and that, again, is the purview
of DAS/BEST. They are the ones that service our system from the state level.

We took advantage of everything we could from DHS. I know because I was on and still am on the coordinating committee for election security at DHS. Some states chose not to do that. Most states, I think, took advantage of it, but the real problem is many of our systems are getting a little on the old side. Our voter file is no exception. Within the next few years, we’re hoping we’ll find resources to be able to replace the entire data base because it is, you know -- these things improve over time. It is not that it’s terrible. We’ve patched it together and done much work on it over the years, but it does date from 2003 or 2004. So, obviously there have been improvements since then. But you can see we have a list of all the projects we’re doing with that federal money, which is fairly modest, unfortunately. It sounds like a lot of money, but you can’t do a lot with $5 million anymore; so, we chose to buy some replacement equipment in case some of them start failing -- the tabulators, that is -- and there is a list of what we’ve spent that money on. Much of it is already allocated or committed. And then there is another round of another $5.16 million that we hope to receive soon. It has been -- I guess it’s been allocated in the new budget. I can’t remember exactly what stage it’s at, and that money also we will put our Task Force back together and see what else we need to do next with that funding. I suspect a great deal of that will be committed to doing a new voter registry. That’s what we’ve been talking about, and we’re pricing it out right
now to see how much that would cost. I don’t know -- Tom, do you want to add to that at all?

THOMAS MIANO: You did a pretty good job.

SECRETARY MERRILL: All right.

REP. MCCARTY (38th): Thank you very much.

SECRETARY MERRILL: You’re welcome.

SENATOR Osten (19TH): Are there any further questions or comments? Seeing none. Thanks so much.

SECRETARY MERRILL: Thank you very much.

SENATOR Osten (19TH): Next up we have David Guay, the Executive Director for the State Contracting Standards Board, and anybody else of the crew that wants to come up.

DAVID GUAY: Thank you, Senator. But actually I’m outranked by my Chair, Larry Fox.

SENATOR Osten (19TH): Okay, him I know.

LAURENCE FOX: I don’t know about ranking. Good afternoon, Senate Chair Osten and Subcommittee Chair Winfield, and distinguished members of the Appropriations Committee. My name is Laurence Fox, and I’m the chair of the Contracting Standards Board. I want to mention our Board is a volunteer board, and almost half our Board is here today for this testimony, and I just want to quickly acknowledge them -- Bruce Buff, who is a retired procurement executive; Albert Ilg, who is a long-time town manager from the town of Windsor; Robert Rinker, retired executive director from CSEA; Donna Karnes, a real estate broker; Al Bertoline, who is a
retired, well known CPA in Connecticut; and we also have an intern here that we managed to get, Lauren Gauthier, who has been working with us for several months. I say that because while we have a -- really we’re blessed with an extraordinary executive director, the extent to which this Board is able to function is because of the very active involvement of this volunteer Board. We now have a new member of the Board that’s just been appointed by the Republican leadership that’ll start with us at our meeting tomorrow. The total Board is 13 people right now. There’s one vacancy to be filled by the governor.

We’ve submitted testimony which summarizes the work of the Board over the past 12 months. I want to make a few brief comments and then leave the bulk of the time for your questions. Last year when we testified before the Appropriations Committee it was my first year as Board Chair, and we talked about mostly about the study that we had done on competitive bidding. I was struck by -- it stuck with me what one of the members of the Appropriations Committee asked me; it was unexpected. They said, “How come this is the first time we’re hearing about this?” And I should know this, but it sort of emphasized for me the responsibility that we have to tell the Appropriations Committee what’s actually going on with this Board and that we shouldn’t sugarcoat it because, in fact, this Board was created by the legislature. It’s an accountability Board for the executive branch of government, and, so, there’s always going to be some tension with the executive branch.
It’s this legislature that said we need this coming out of sort of a sad chapter in our state’s history going back to around 2003, 2004. And last year, after our testimony and the Appropriations Committee’s deliberations, you actually recommended a significant increase in staff for our Board to be able to function better, and thank you for that, but in the final negotiations that led to the budget, in fact, we didn’t get any of those positions. And one of the positions is actually articulated in the legislation for this Board itself. It’s the chief procurement officer which is really essential for a volunteer board to really have a professional who can actually investigate issues that come before the board. I’m very proud of the commitment of our Board members, and we function in a very bipartisan way. If you came to one of our Board meetings, you wouldn’t know who’s -- we’re all appointed by the legislature or by the governor. But we can’t do the job that you gave us without staff, and I want to briefly talk about that and take questions. And if we don’t tell you that, you’re not going to hear it.

You know, the Board members did this study on competitive bidding, and the legislature actually in the last session passed some legislation that will actually help, has the potential to be helpful by asking agencies to project three years in advance what’s going on with your contracts, do you intend to bid them, do you intend to ask for a waiver. And the first report on that which was due to the legislature on January 20 from OPM, it’s not -- I’m hoping we’ll both get it soon -- requires the agencies to respond. But because it projects into the future, it allows us to anticipate potentially what’s going to happen with those contracts. Are
there going to be waivers, are they going to competitively bid it. It has the potential to help change what is really a culture of no competitive bidding. I don’t know, that’s not right. There’s some competitive bidding in the state, but it’s not nearly what it should be.

I want to remind the Appropriations Committee that there are different kinds of procurement that happen in the state. There’s procurement for equipment and supplies which is overseen by DAS, and I will say that’s almost all competitively bid, and that’s about $3 billion dollars -- that’s a lot of money. And then there are two types of procurement that are overseen by OPM, and one is for purchase of services and the other is personal service agreements. And purchase of service is about -- together it’s about $3 billion dollars. They don’t all come due every year, but the potential for savings when you’re only competitively bidding about 68 percent -- is it 68 percent that we’re bidding or 68 percent we’re not bidding? Not bidding; 68 percent now, it’s come down, not competitively bid. I want to remind the Board, there’re some good reasons not to competitively bid everything. There’s an emergency, something has to be done quickly, or sometimes the legislature will state we want you to give a contract to this particular entity. But we should be doing a lot more, and we know that we’ll save money, and we’ll actually probably get better quality, too; we can do both. The state is not required to take the lowest bidder, but the best value. So, it’s a combination of cost and quality and other things.

It’s our belief that if we don’t firmly monitor what’s going on, the fact that we have this
information, it’s not going to change the culture. The fact that there is -- and I’m reminded by one of our Board members, Bruce Buff, he said to me this morning, “Remember, the lack of competitive bidding is a symptom of a problem.” It’s not taking place because -- not out of ill intent; there might be some of that, hopefully none. Agencies are strapped. They’re trying to get the work done. Stuff comes up; they need to get someone, and they need to get them yesterday. Someone knows somebody and says, “Well, let’s grab that person in.” There are a lot of different reasons. But we have to change that. The idea of you saying to the agencies project what you’re doing three years in advance allows us to take a look at that and to say what’s going on, but a volunteer Board can’t do all of that. We need some staff to do it. We think it pays, more than pays for itself. In fact, in the last budget, the budget says there’ll be $5 million dollars of savings from competitive bidding in the first year of the budget, $15 million in the second year. We think the staff that we should have would cost about a half a million dollars a year.

But that’s just one piece of it. That’s one piece of that this Board is supposed to do. If you go back to the founding legislation, the legislature had high hopes that this Board would be able to offer recommendations to the legislature on how we can improve competitive bidding. This Board is supposed to train procurement people in the agencies. There’re over 50 agencies that have procurement people. It’s a decentralized system; we actually don’t think that makes sense. But there’s no training. We audit the agencies, and we ask them, “How did your procurement person get trained?”
And it’s just very haphazard. The legislation actually says our Board with the chief procurement officer is supposed to have -- that’s one of their major responsibilities, to make sure that agency procurement people get trained and certified.

SENATOR OSTEN (19TH): So, I want to make sure I get some questions in because I’m being [crosstalk] with some other committee meetings, and I just want to make sure that we get to say a couple of things. So, I’m fully in support of putting the Contract Standards Board in and putting it at the level that we had it in at the last session. That does not mean the executive branch has to spend the money. We all know that, so that’s -- I can put it in there. Even if they don’t take it out before we pass the budget, they can not spend the money. They have the authority to not spend the money. I would disagree with that.

So, I have a couple of ideas. I mean, I’ll put it out to my colleagues for questions, but I really think that we need oversight. Besides contracts, we have noticed that this year there has been an increase of “memorandums of understanding” passing services or programs between agencies. If we were able to get you the staffing, is that something that you think makes sense to sort of look at, too. I’m not certain why we’re seeing so many transfers between agencies, but this year there have been a lot of memoranda of understanding, and in many ways, it does not allow us to track the dollars. And, so, I think when you say that the contracts are a symptom of the problem, the problem goes deeper than that if we’re sort of moving money around or programs around, which is ultimately moving the money around.
So there are a couple of things that I think we need to look at doing. I think we need to look at like we have the other watchdog agencies not having the executive branch have the ability to not spend that money. We don’t want them to have the ability to cut your funding once we put it in. We also need to segregate it out and make sure that it gets spent and that you have actually hired staff to do the work. In your testimony you talked about a couple of things that I think the members may be interested in. When you looked at the accomplishments, you did a lot of work with Dillon Stadium reconstruction and found irregularities and concern on a quasi-public agency contract. I do think that we’re looking at quasis to do some work around quasis this year. I’m supportive of quasis, but I do think that we have to make sure that they’re correctly set up and that we’re monitoring them also. You also looked at a privatization contract that was between the University of Connecticut’s Health Center and the Department of Corrections concerning the pharmacy services, and that is something that has been completed now? Are you done with that or -

LAURENCE FOX: Yes.

SENATOR OSTEN (19TH): Okay. And then the other one is the DOT plan to return the bridge inspections to state employees. This is something that I think we ought to also look at, is does it make more sense to have the state employees do this, in particular, when you start looking at the pension obligations for new employees now are essentially less than a 401K in private companies, so you’re not saving any money by having a private contractor do it. As a matter of fact, often they’re paid better; so, you would spend more money on that. So, I just want to
say to my colleagues that this discussion that you’re having with us is important. I think we need to sort of look at it a little bit more concretely, and I think we need eyes for us that we’re not having happen right now. So, I don’t know if there was -- and I didn’t mean to interrupt you. But I am going to call for Representative Rotella followed by Representative Dathan.

REP. ROTELLA (43RD): Thank you. Thank you, Madam Chair. Thank you for being with us. So, for me, I can’t express how much I believe it is imperative that that CPO position is filled. So, for myself, I am a certified public procurement officer, one of the few in the state, and it is so important. I’ve served in this field for over 20 years. I sit on the National Purchasing Board. Additionally, what you would be able to do, I believe, and correct me if I’m wrong, but in addition to doing training, which you should be doing, this is part of what this position was initially meant for. Training, helping set up policies for a procurement manual that could be utilized by not just the state but by our municipalities, thereby saving our municipalities money and giving them a place to go when they have an issue. Sometimes for our municipalities it’s hard to manage what you do and how you do things and what do I do if this particular issue comes up. And that person was supposed to serve as that kind of guiding principle for the state.

In addition to overseeing some of the PSAs, and I agree we’ve seen an awful lot of MOUs that have crossed paths, this is something that position could oversee when it comes to should it have been a PSA, should it have been a waiver. I am concerned that that report has not been done yet, but you had
Initially -- it was supposed to be done by, I believe, January 15th or 20th, yeah. But also you had a CPO that’s now gone, and are you saying that you don’t have the money now to hire a CPO and that that money that you had when you had the CPO has been allocated somewhere else? That’s my first question.

LAURENCE FOX: Yes. The position is stipulated in the legislation, but it does not exist. We don’t have the funding for it. Correct, right?

DAVID GUAY: Three years now.

LAURENCE FOX: The person that was in it left three years ago.

REP. ROTELLA (43RD): Right, okay. Also, I believe in our quasi-public agencies, this is another place where this position could help. They could help oversee those things. Part of what, you know -- I don’t think they’re doing it on purpose, but they don’t know how to set these things up, and this is supposed to be a guiding place where they can go get help to set up the sorts of procurement standards. Procurement standards are so important, and, you know, so often people don’t think about the purchasing office, but I can tell you that it all starts and ends there. And when it’s done correctly, it saves money, and when it’s not done correctly, it costs a lot of money, sometimes four times as much. So, thank you.

DAVID GUAY: We agree with you.

SENATOR OSTEN (19TH): Representative Dathan followed by Senator Winfield.
REP. DATHAN (142ND): Thank you, Madam Chair, and thank you so much for all the work that you do on a volunteer basis. It really is invaluable to the state. Your expertise and your advice, and I can imagine also your frustration as you are offering advice, and you feel like it’s not being taken, and I can see that. I think my colleague, Representative Rotella, was much more eloquent than I’m going to be talking about all the necessary things that need to happen, and she’s got much more experience with her role. I come at it from a CPA point of view, and, so, I also see that this is really invaluable for our state, and we need to do it. I really think that we need to establish more oversight, particularly if there is shuffling that’s happening like we’ve talked about in these MOUs.

But my question to you really is if you were to -- say we gave you that $500,000 to establish a team that would do this function, how would you envision -- you know, if you can bring it to the work group if you can go away and think about it -- but how would you envision that that team would look? What do other states do? Do other states have, you know, a group of people? Because I know many private enterprises have a specific internal audit function that would manage this, and maybe that’s another option for us. But I would love to hear, if you could come to the work group prepared for what other states are doing for this, what roles and positions and sort of job specs that you would envision, not granular but sort of big picture, on this because I do think that this could actually, as you say, be a good investment for our state.

Just following, you know, you did some great work last year, and I actually sat down with DAS after
the end of session and said, “Hey, let’s figure this out.” Because I do actually see that your team and DAS could work really well together to really facilitate this. They seem to say -- I mean it’s sort of early in their sort of tenure -- but they seem to think that there are quite a bit of things that were already in place to ensure, you know, the procurement. They kind of pushed back on the high number of unbid contracts when I called them out on it, and they said, you know, that sometimes we give preferential treatment to Connecticut companies versus out-of-state companies so that could be one of the reasons that might be considered not competitively bid.

LAURENCE FOX: Just on the DAS, I think that the fact is that DAS uses some form of competitive bidding almost exclusively. Waivers to competitive bidding on the pieces of procurement that DAS does are very, very rare, very few. And that’s on equipment, that’s on supplies.

REP. DATHAN (142ND): Services, as well, is what they --

LAURENCE FOX: Well, some kinds of services, but when it comes to purchase of service, that’s actually not overseen by DAS. When it comes to personal service agreements, that’s not overseen by DAS, right? And maybe it should be, but it’s not. It’s overseen by OPM, and it hasn’t in the past -- I want to say, the new secretary at OPM is really making a much -- in my opinion, in our opinion, a much more serious commitment to this than was done in the past. But it’s a huge job and because it’s all been done by waiver. So, there’s a split there.
We also think that it would make a lot of sense to centralize a lot of this under DAS.

REP. DATHAN (142ND): I think that’s one thing I talked to them about. My concern really was the lack of purchasing collaboration, not just between the agencies but also with, you know, UConn, UConn Health, and I’d spoken about that before. So, I’m looking forward to hear what you have to come back with. I’d love to hear what other states are doing because I do see a huge return on investment for the state for this as well as reassuring the legislature that their constituent’s tax dollars are being spent appropriately. Thank you very much for your testimony. Thank you, Madam Chair.

SENATOR OSTEN (19TH): Thank you. Senator Winfield followed by Representative Lavielle.

SENATOR WINFIELD (10TH): Thank you, Madam Chair. So, thank you for coming again. You did a phenomenal job last year of making sure that the subcommittee and committee understood what we were losing for doing things the way that we do them. Looking at the OPM question, if we’re anywhere near what you’re talking about, what we’re talking about is somewhere on the order of $2 billion 40 million dollars that that fits in that non-bid number. And I think it’s sometimes important to think about what the number actually is, not just the percentage. And given that there are a lot of things that we need to be doing that we can’t do; I wouldn’t understand why anyone wouldn’t want to make that number a lot smaller. So, it’s important that we know as much as possible about the situation. So, I would ask that when you come to the subcommittee, if you aren’t already doing this, you
break these things down a little bit more so that we can actually see. I’d like to engage in a conversation with others about why we aren’t doing what we’re doing, and it would be helpful to have all the granular-level information that we could get. Thank you.

LAURENCE FOX: Will do.

SENATOR OSTEN (19TH): Thank you. Representative Lavielle followed by Representative Wilson.

REP. LAVIELLE (143RD): Thank you. Good afternoon, thank you for all being here. I think you’ll remember we had a very good meeting last year. And one of the things that I want to ask you, you know, looking at your testimony and just some of your staff issues, unfortunate staff issues, over the past year, how have you managed to do everything that you’ve done?

LAURENCE FOX: It’s a good question, and I think it’s in the written testimony, our Executive Director, David Guay, actually was out on a medical leave for two months in the last year, as well.

REP. LAVIELLE (143RD): Welcome back, and I’m glad you’re with us.

LAURENCE FOX: Yeah, we’re really glad he’s back. But our Board members step up and put in sometimes two, three days a week of work to do what we’re doing. And some of our Board members -- you know we have a mix of different skills, and depending upon the issue, they come to bear. But, you know, it’s hard. We started -- we’re taking a look at some of the quasi-publics. So, we have our intern helping us. We’re borrowing some resources from the
Attorney General, but we have a lot of questions, and it takes time. We’re not -- and the AG, who has been very helpful, really, but he also reminds us, you know, “I don’t work full-time for you.” [Laughter]. We actually could use a staff attorney full-time, frankly, to look into some of the things that are going on.

REP. LAVIELLE (143RD): I’m sure you could. Yeah, I just think it’s remarkable what you manage to accomplish with what you have. But clearly, funding and more resource for you is a money savings in the long run.

LAURENCE FOX: We’re not doing the kinds of things we should be doing that were mentioned today that we could be doing actually if we had some more resource; that would benefit the state.

REP. LAVIELLE (143RD): Pardon me. How would you define, if you had a stronger interface with DAS and you had more resource, how would you define the distribution of role there?

LAURENCE FOX: It is not our job to run the procurement system. We shouldn’t be operational except maybe to the extent you would call it operational when it comes to training procurement folks; maybe there. You could argue that, too, but the legislation says we should do a lot of that. Right now, OPM and DAS oversee, and it’s a decentralized system in every agency. That ought to be looked at. We’ve said to both OPM and DAS, we actually think that the states that have centralized systems are more effective. I don’t think there’s a lot of controversy about that. It’s a question of priority for them.
But our lane is really to, in a certain sense, provide a kind of audit function. We are a step in the legislation. When bidders have a problem with what’s happened in a bid, they have to come to our Board. When David was out on leave, we actually had one claim for a one billion dollar contract that the state has, for who administers the health care system for all the state employees, the partner organizations, and their covered lives. There was a problem with what happened. And we actually went to see the Chief of Staff of the governor and said, “Governor, our Executive Director is out on a medical leave. We need this Chief Procurement Officer to help up.” We’re all well intentioned. Some of us have procurement expertise. This is a $1 billion dollar contract. Someone who’s a professional procurement person needs to be looking at this with us and giving us advice, asking the right questions. It’s not good.

REP. LAVIELLE (143RD): No, I just think it’s remarkable that we have, with the exception of Mr. Guay, we have a group of volunteers that has been doing this. It’s almost funny. I mean, it’s amazing what you do. And how did it happen that this didn’t get the funding last time?

LAURENCE FOX: I think some of you may know that better than I do. It just in the final negotiations, I think that it ended up -- I would just be speculating on what happened. But I don’t think it’s unusual to say that the executive branch doesn’t think that a volunteer board needs to have more resources to look over their shoulder.

REP. LAVIELLE (143RD): It’s pretty exceptional, isn’t it, that point of view? No, I think we need
to value what you do; I really do. As I said last year, I think we need to put a value on it because it’s very important. Just one other small issue. Have you considered, you know there’s some controversy about how much the DOT really spends on some of its contracts as opposed to what’s spent in other states and so on, and the controversy continues, and there is a lot of difference of opinion. Is that something that you might consider looking into at some point?

LAURENCE FOX: Well, I mean, we scratched the surface on it with the bridge inspection, but that, again, is a resource question. I would say in general that DOT has one of the more robust, sophisticated procurement operations because so much money flows through them. But, you know, the question of -- if we had the professional staff, we would have the ability to look at those things.

REP. LAVIELLE (143RD): Well, just on that same subject, and then I’ll be finished. Does -- because this has come up -- do you think it would come into your consideration set or could feasibly to look at a comparison between what an operation like the DOT can achieve either with or without PLA?

LAURENCE FOX: Sure. I mean, that’s certainly a factor. Sure, that’s something --

REP. LAVIELLE (143RD): It’s a topic that’s been kind of top of the mind lately, and I think it would be good if we all had more concrete information. So, I just throw that out there. But, again, than you very much for what you do. I really support your request, and I hope we’ll be able to do something. Thank you, thank you all for being here.
SENATOR Osten (19th): And when we put it in the budget, you’ll vote for the budget?


SENATOR Osten (19th): Just saying. [Laughter]. Thank you.

Rep. Lavielle (143rd): You all love to say stuff like that, don’t you?

SENATOR Osten (19th): I know. I don’t love to say a lot of things. I just want to point out sometimes --

Rep. Lavielle (143rd): Well, you know we’re all what we are.

SENATOR Osten (19th): I know. Just saying. Representative Wilson, you’re up next.

Rep. Wilson (66th): Thank you, Madam Chair, and I feel like I’m in déjà vu here. Last year I was brand new on Appropriations, and so your visit to us last year was very enlightening, and I believe I did come up and voice a couple of questions and concerns with you last year, and my good colleague, Representative Lavielle, stole my thunder on one of my questions. So, I won’t ask it again exactly the same way, but I just find it astounding that in our -- and our, I’m speaking of the legislature -- and/or the executive branch, whoever is making the decision to defund you, if you will, not authorize, is reprehensible to the taxpayers of the State of Connecticut. I know you kind of hesitated at that question, and I’ll just push a little harder. Might you give us direction on who we might talk to as to where those decisions came from?
LAURENCE FOX: I would just be speculating, but I don’t know who’s in the room on the final negotiations, and you guys do. I know I wasn’t.

REP. WILSON (66TH): Well, I’m going to do my best to find out. It seems a no-brainer to me, and, again, I know maybe Senator Winfield’s question about the dollar amount might make more sense to taxpayers when they hear that, but I don’t mind the percentage amount. So, would you share with us one more time your estimated savings if we were to do this properly, just based on a round percentage?

LAURENCE FOX: Well, the literature that we’ve looked at nationally says basically, on average, you’ll save between five and 15 percent when you competitively bid. Now, when we talk about the value of personal service agreements and purchase of service agreements, the total value is several billion dollars. They don’t all come up every year, so you have to look at what’s available to actually competitively bid each year, and, frankly, last year our testimony was confusing on that point. We talked about the total value of these things which is a bigger number than what a contracting agency is actually looking at each year, but the amount last year, I believe, in 2019. In fact, I may have the exact number here. For example, on personal service agreements, I think the amount of money that came up in 2018 was $318 million dollars.

REP. WILSON (66TH): That was the savings estimate?

LAURENCE FOX: No, if I’m reading the right line, that’s how much they were renegotiating last year or was being spent last year. So, if you use five to 15 percent -- now some of it was competitively bid. But there’s a lot -- part of what your legislation
did -- let me take a step back -- and OPM did, I give them a lot of credit for this. As a result of the conversations that we had last year and what the legislature did last year, they really set about working at this in a way that they never had done before. And we're really excited about that. And, so, for example, one of the things that we learned is that on personal service agreements, the annual value of the personal service agreements that were in effect for 2019 was $1 billion $75 million dollars; so over one billion dollars. What we learned that we never knew before is that that does not mean that’s how much was spent; that’s the outer limit of what an agency was authorized to spend. Okay? And, so, the actual number that they spent on that was $318 million dollars.

It raises a number of other questions. You could say, “Well, since I spent less than I was authorized to spend, I saved money.” You could say, “We didn’t contract this thing the way we should have.” But it’s big numbers. Each year it’s hundreds of millions of dollars, and if you think as a percentage that you can save five to 10 percent on that, that’s a lot of money.

REP. WILSON (66TH): And so what I was really trying to get to is I believe you said you need was it $5 million dollars to budget to run your -- $500,000, was it?

LAURENCE FOX: Five hundred thousand dollars.

REP. WILSON (66TH): Okay, I put an “m” and I shouldn’t have. So, my point is, what I want to get to, is that is what percent of the estimated savings.
LAURENCE FOX:  Pennies. It’s very [Crosstalk].

REP. WILSON (66TH):  So, why wouldn’t we do it? The payback would happen how fast?

LAURENCE FOX:  Fast.

REP. WILSON (66TH):  Would it be one budget cycle, a two-year cycle.

LAURENCE FOX:  Oh, I would think in the first budget. But, here’s the thing, though. It’s not as if the savings come back to our Board. The savings show up as savings, and OPM with the contracting agencies has to make sure that they capture those savings, right?

REP. WILSON (66TH):  Thank you once again. We can try to keep it in as best we can. I’ve got to find out who pulls it out. Thank you, Madam Chair.

SENATOR OSTEN (19TH):  It’s always a negotiation. It’s always a negotiation, so sometimes we win, and sometimes we lose. So, we are going to ask you to come to the subcommittee meeting. You don’t all have to come, but you can all come if you so choose. So, we want to get some more information to get it in, and we do want to look at the language, so everybody that is going to go to the subcommittee meeting can look at the language that says that they cannot pull the money out of any of the other watchdog agencies. That might be a way for us to keep it there; so, we should look at that. We should just in general look at what we want for a list of things to be looked at. So, just be aware of that. Are there any other questions or comments? Seeing none. We’re all set. Thanks so much for coming again. Enjoy the wet weather. So, our
agency public hearings are completed now, and we will be back at 4 o’clock for the education GGA and legislative area. I think we have 45 people. Talk to you soon.