
OLR Bill Analysis

sSB 1076

AN ACT CONCERNING PUBLIC-PRIVATE PARTNERSHIPS AND PRIVATIZATION OF STATE SERVICES AT THE UNIVERSITY OF CONNECTICUT HEALTH CENTER.

SUMMARY

This bill requires the UConn Health Center (UCHC) to obtain the legislature's approval before soliciting bids or issuing a request for proposals (RFP) for any proposed privatization contract or public-private partnership (P3) estimated to cost more than \$1 million annually. It requires a majority vote in both houses to approve the solicitation or RFP; the legislature may reject it by a majority vote in either house.

The bill specifies that UCHC's compliance with the bill satisfies existing law's requirements for state agency privatization contracts (see BACKGROUND).

EFFECTIVE DATE: July 1, 2021

REQUIREMENTS FOR PRIVATIZATION CONTRACTS AND P3 AGREEMENTS

Privatization and P3 Components

Under the bill, a privatization contract is an agreement or series of agreements between UCHC and a person or entity to provide services substantially similar to and in place of (in whole or in part) those provided by UCHC employees. A P3 is the relationship between UCHC and a private entity established by contracting for the performance of any combination of specified functions or responsibilities currently performed by UCHC.

As part of the submission to the legislature (see below), the bill requires the health center's chief executive officer to certify that all projected costs, savings, and benefits are valid and achievable based on

the data and information. (The bill does not specify what data and information this refers to.) Under the bill, savings refers to the difference between the services' current annual direct and indirect costs and the projected annual direct and indirect costs of contracting to provide them in any succeeding state fiscal year during the proposed contract's term.

Under the bill, costs refers to all reasonable, relevant, and verifiable expenses. They include salary, materials, supplies, services, equipment, capital depreciation, rent, maintenance, repairs, utilities, insurance, travel, overhead, interim and final payments, and the normal cost of fringe benefits (i.e., the amount of contributions calculated by the state comptroller that is required to fund the fringe benefits allocated to the current year of service).

Submission to Legislature

The bill requires UCHC to submit the bid solicitation or RFP to the House and Senate clerks with a copy to the Government Administration and Elections and Higher Education and Employment Advancement committees. It allows the submission to be electronic. If the legislature is in session, it must vote on the proposal within 30 days after its submission. The bill specifies that the 30-day period cannot begin or end if the legislature is not in regular session.

Under the bill, if the legislature is out of session when a solicitation or RFP is filed with the clerks, then it must be submitted to the legislature within 10 days after the start of the next regular session, or a special session called for that purpose. However, the bill deems any solicitation or RFP filed with the clerks within 30 days before a regular session as being filed on the first day of session.

Legislative Approval

The bill requires a majority vote in both houses to approve the solicitation or RFP; the legislature may reject it by a majority vote in either house. (The bill does not specify what happens if the legislature does not act within the 30-day timeframe.)

BACKGROUND

Privatization Law

By law, if a state contracting agency seeks to enter into a contract that privatizes services performed by state employees, it generally must conduct a cost-benefit analysis and submit a business case to the State Contracting Standards Board for its approval. The business case must include, among other things, the cost-benefit analysis and 11 other analyses relating to the privatized service, such as its goals and their rationale, and options for achieving them (CGS § 4e-16(d)).

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable

Yea 18 Nay 0 (03/29/2021)