



Governor's Bill 6444

An Act Concerning the Modernization of State Services

Testimony of Commissioner Josh Geballe

Joint Committee on Government Administration & Elections

March 19, 2021

Good morning Senator Flexer, Representative Fox, Senator Sampson, Representative Mastrofrancesco and distinguished members of the Government Administration & Elections Committee. My name is Josh Geballe and I am the Commissioner of the Department of Administrative Services ("DAS"). I want to thank the Committee for raising the Governor's bill.

House Bill 6444 is another component of the Governor's ongoing initiative to increase the efficiency and effectiveness of state government and support Connecticut businesses. This bill includes a number of modest changes that collectively provide a meaningful and positive impact.

Governor Lamont proposes allowing the state to embrace modern technology and business practices that will result in the more efficient and flexible operation of government, benefiting both the state and the taxpayers. This legislation will codify some of the lessons learned from the pandemic experience, by, for example, reducing paperwork associated with contracting and procurement requirements, allowing the state to utilize different types of procurement methodologies, including easier access to innovative solutions created by Connecticut entrepreneurs, and permitting agencies the discretion to utilize electronic communications, electronic payments, and digital identity proofing as alternatives to often burdensome notarization and affidavit requirements.

I urge the Committee to support this bill.

Specifically, his proposal accomplishes the following:

Sections 1-7 eliminate unnecessary bureaucracy in the procurement process without compromising the State's high standards for fair and ethical contracting. Specifically, they streamline the process by which vendors demonstrate acceptance and compliance with existing State ethics laws, past executive orders and other non-discrimination laws. Instead of requiring vendors to print, find a notary, sign, upload as a .pdf multiple forms (90,000 annually), the required language will be incorporated into the contracts themselves. This proposal eliminates

the red tape but does not reduce any of the underlying legal protections and does not add any new compliance obligations.

Sections 8-11 amend the definition of a small contractor for purposes of the state's set-aside laws. Under existing law, a "small contractor" is defined as an entity that (1) maintains its principal place of business in Connecticut; (2) that has gross revenues not exceeding 20 million dollars in the prior fiscal year; and (3) is independent. The statute's equation of "small" with a specific gross revenue amount has been challenged frequently over the years, by both members of both parties and members of the public, who have argued that using a specific gross revenue amount is both over-inclusive and under-inclusive and have advocated for utilizing industry-specific definitions of "small" instead. DAS has agreed that industry-specific standards would be a better way of determining which businesses are truly "small" for their industry, and thus, are in need of the assistance provided by the set-aside program; however, DAS does not have the internal resources or expertise necessary to establish valid size standards for every industry.

The federal Small Business Administration, on the other hand, is a well-established agency that does possess the necessary resources and expertise. **To avoid the fiscal impact of creating "homegrown" size standards and to improve the efficiency of the certification program, DAS, therefore, proposes to change the CT definition of "small business" to a Connecticut-based business that is certified as a small business by the federal Small Business Administration.**

This change would create a more rational, data-driven, basis for defining for-profit small contractors; simplify and expedite the CT certification process, thus enabling DAS to more efficiently use its limited resources and benefiting such contractors.

Nonprofit corporations are not eligible for certification by the Small Business Administration, therefore DAS will retain its existing certification program for the relatively small number of nonprofits in the set-aside program.

Section 12 gives the Commissioner discretion to waive competitive bidding in the case of minor or emergency purchases of \$10,000.00 or less. This is in response to lessons learned during the COVID pandemic as the state was struggling to procure PPE and other needed items.

Section 13 gives DAS the option to use the reverse auction method to competitively procure services, with the express exception of construction and construction-related services. Under current law, the use of reverse auctions is limited to contracts for goods and supplies.

Section 14 amends 32-39e, the Connecticut Innovations (CI), Inc.'s test-bed technology statute, to allow the state to more easily enter into contracts for innovative technology, processes or products that can promote efficiency or reduce burdens. The proposal gives DAS and OPM the ability to work with CI and interested agencies to identify CT-based companies that have innovative solutions to agency problems. This language allows agencies to test such solutions within a curated environment; thereby encouraging agencies to explore creative solutions while

minimizing risk to the state. This proposal also positions the state to encourage the growth of Connecticut businesses. For example, through this program, the state was able contract with a Connecticut-based company for a real-world test of an innovative COVID-19 testing system in 45 days.

Section 15 amends 4a-53, governing cooperative purchasing plans, to allow agencies to “piggyback” not only on other states’ cooperative purchasing plans, but also those of other Connecticut branches, divisions or departments. This will provide additional opportunities for significant procurement savings.

Section 16 reduces the number of members of the State Insurance and Risk Management Board from 12 to 9 and provides that quorum consist of 5 members. This is made at the request of the Board chairperson who stated that it has become difficult to obtain a quorum in order to conduct the Board’s business.

Sections 17 and 18 further the Governor’s Digital Government initiative to eliminate obstacles to the use of online services. Specifically, they achieve three objectives:

1. Replace language mandating a particular type of communication method (i.e. U.S. Mail, registered mail, return receipt, newspaper advertisement) with language giving agencies the discretion to use digital communications, including digital verification of receipt in situations where verification of receipt is essential;
2. Replace language mandating a particular type of payment method (i.e. in-person transaction, cash payment, checks) with language giving agencies the discretion to use online payment methods; and
3. Where existing statute requires an affidavit or notarized document, allow digital identity proofing as an alternative. DAS is charged with developing standards for digital identity proofing.

Connecticut residents are used to, and comfortable with, the e-commerce universe. As such, they desire, and expect, those same type of online services when they are doing business with the state.

Sections 19 through 25, respectively, eliminate the requirements to provide reports on the composition of the state’s fleet of vehicles, reports to the Commissioner on purchase orders related to his delegation of purchasing authority, made under the leasing of personal property, and concerning real property acquisitions, reporting of state agency regulations that conflict with building and fire codes, cigarette burn testing, having all state agencies provide a copy of their ethics report to DAS, and a one-time report on the Human Resources Strategic Plan required in the ‘90s - all of which are either unnecessary, not utilized, duplicative, or reported and readily available through various electronic platforms.

Again, thank you for raising this bill and for giving me the opportunity to provide comment. I am happy to answer any questions you may have.