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March 3, 2021
Transportation Committee
Senate Bill 920: An Concerning Public Private Partnerships - Oppose

Senator Cassano, Representative Lemar, Senator Somers, Representative Carney, and members of the Transportation Committee:

My name is Dave Glidden and I am the Executive Director of CSEA SEIU Local 2001, a labor union representing thousands of Connecticut workers in both the public and private sector. I come before you today to offer testimony in opposition to Senate Bill 920: An Act Concerning Public Private Partnerships.

As I understand it, Senate Bill 920 seeks to strip out from current law all of the existing limits, transparency, and due diligence relating to the state's use of P3s. Rudimentary research into P3s reveals that they can either be quite successful or they can be costly failures with long-lasting negative impact. Of course, there are many factors that determine the fate of a P3 project, but one thing is clear: P3 projects that are not properly vetted or scrutinized, that don't have requisite government oversight, are far more likely to land in that category of long-lasting failure. In short, special care should always be taken to ensure that a proposed P3 contract is cost effective and is not laden with tricky provisions that benefit the private entity and leave the public exposed, vulnerable, or generally on the short end. Current law provides for that special care, but this bill seeks to remove it all.

Currently, P3s are restricted to the following areas: "(1) Early childcare, educational, health or housing facilities; (2) Transportation systems, including ports, transit-oriented development and related infrastructure; and (3) Any other kind of facility that may from time to time be designated as such by an act of the General Assembly." SB 920 removes this limitation and opens all operations of state government for potential public private partnerships.

Right now, state law allows for five public private partnerships. Despite the fact that the state has had the ability to enter into public private partnerships for the past ten years, it has not entered into a single one. SB 920 eliminates the cap of five P3s even though the state has not even done one.

SB 920 states that "The Governor shall not approve any such project unless the Governor finds that the project will result in job creation and economic growth." This is incredibly vague. What will be the framework for determining that a "project will result in job creation and economic growth"? Will the Governor make this methodology behind this determination public or will we have to take his word? What are the benchmarks for determining a sufficient amount of "job creation and economic growth"?

Currently, state law restricts public-private partnerships to no more than 50 years. 50 years is a long time, but not long enough for SB 920 which deletes that time limitation. If SB 920 becomes law, Connecticut could be locked into P3s for an indefinite period of time.

SB 920 eliminates the requirement that public-private partnerships adhere to the provisions of section 4e-16 of Chapter 62 of the Connecticut State Statutes. Section 4e-16 is at the heart of Connecticut's clean contracting laws. That section of statute has a number of critical provisions including a requirement that an agency seeking to enter into a public-private partnership must first conduct a cost-benefit analysis of the proposed partnership. If the cost-benefit analysis shows a cost savings to the state of 10% or more, "and such privatization contract will not diminish the quality of such service, the state contracting agency shall develop a business case… in order to evaluate the feasibility of entering into any such contract and to identify the potential results, effectiveness and efficiency of such contract". Finally, if the business case is approved by the State Contracting Standards Board, the agency is allowed to enter into the agreement. This cost-benefit analysis and business case would all be matters of public record. These taxpayer protections would be gone if SB 920 became law in its current form. Since SB 920 seeks to eliminate these requirements from state statute, Connecticut taxpayers, elected officials, and residents would simply have to trust that the Governor did his due diligence. Cost-benefit analyses are already a part of state statute and there is a cost-benefit template developed by OPM for agencies to use. This is not a difficult or burdensome requirement, but rather a straight forward and commonsense approach to protecting and safeguarding taxpayer dollars.

Our state already owns a deeply flawed record when it comes to contracting. CSEA members who work for the state regularly witness immense waste through unwise contracting. We know from DOT cost-effectiveness evaluations that yearly savings from 46% to 63% could be achieved if more inspection and engineering work was done in-house by state employees.

That would have meant over $320,000,000 in savings between FY2016 and FY2018. And, in 2018, the State Contracting Standards Board concluded that the vast majority of contracts never undergo any form of competitive bidding and that approximately $260 million per year could be saved simply by requiring the commonsense approach of competitive bidding.

Of course, the darkest chapter of our state's failure to do contracting in a smart and transparent way involves a notorious former governor who was sent to federal prison over his corrupt dealings with the private sector. Since those days, the state has made some key strides to improve how business is conducted. By creating the State Contracting Standards Board, the General Assembly took a major step toward transparent, accountable, and above all wise, contracting. There is a great deal of room for improvement. This proposed legislation on the other hand would be a major step backward. Please vote no on State Bill 920.

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