

*Written Testimony
before the Government Administration And Elections Committee
Department of Social Services
March 5, 2018*

H.B. 5267 AN ACT CONCERNING THE STATE CONTRACTING STANDARDS BOARD AND REQUIREMENTS FOR PRIVATIZATION CONTRACTS

This bill redefines contracting language and imposes numerous additional requirements on the contracting process for state agencies.

The Department of Social Services (DSS) has significant concerns with this bill.

Section 1. Subdivision (21) – Redefines privatization contract by extending the definition of privatization contract to include any procurement above \$50,000. This change is highly problematic. It exceeds the scope of the Privatization Board because it lacks any connection to contracting that supplants services provided by state employees and would instead bring the majority of contracts under the State Contracting Standards Board (SCSB) authority. It also would dramatically increase the administrative burden on the Department. Currently, DSS has 95 Purchase of Service contracts and 33 Personal Services Agreement contracts valued at greater than \$50,000. Were we to re-procure all those contracts under the new definition, each of those would have to go through the privatization review process, which entails review by DSS program, contracts, legal, fiscal, and executive staff and by the Office of Policy and Management (and, if the amendments pass, by the Office of the Attorney General as well).

Section 4. Subsection (c) – This section again adds an administrative burden on the Department to post contracting documents, which already are public documents, on the State Contracting Portal and further delays the execution of contracts, which already suffer lengthy delays due to strained resources and other administrative requirements.

Section 5. Subsection (p) – Requires a full cost-benefit analysis (CBA) for privatization contracts valued at more than \$1 million dollars, even if they do not meet the requirements of subsection (a). This requirement imposes an unnecessary administrative burden on the Department and on the SCSB. Having to file a cost benefit analysis, as opposed to a cost-effectiveness evaluation, requires additional staff time, effort and additional review time that lengthens the wait time for execution of the contract and delays the provision of services to clients. The Department is unsure why the SCSB would review a CBA for contracts that have already been deemed to not meet the standards that require a CBA in section (a).

Also, requiring certification by the Department that it does not have a CBA contract again imposes an unnecessary administrative burden on the Department and creates duplicative paperwork.

Section 6 Subsection (r) – Requires 60 days’ notice to collective bargaining units of privatization contracts. Again, this provision adds delay to an already lengthy contracting process. Furthermore, state agencies should not assume the burden of notifying and meeting with the collective bargaining agents, as OPM/OLR represents state agencies in union negotiations.

Subsection (t) – All contracts over \$50,000 are already reviewed by the Attorney General’s Office. This section builds in redundancy and again creates unnecessary paperwork and an administrative burden for the Department’s contract and legal staff and the Office of the Attorney General, both of which are understaffed.

Section. 8 Subsection (b) –The Department is unsure of the intent of this provision, but it seems to suggest that in the event that the SCSB is understaffed, DSS is to assign a liaison to assume duties related to the SCSB. The Department does not have the resources to provide additional staff to the SCSB.

In conclusion, House Bill 5267 creates burdensome and unnecessary requirements to an already lengthy contracting process. Many of the requirements outlined in this legislation would immediately deplete the already strained resources of the Department. For these reasons the Department must oppose this bill.