



STATE OF CONNECTICUT OFFICE OF GOVERNMENTAL ACCOUNTABILITY STATE CONTRACTING STANDARDS BOARD

Executive Summary

Testimony

Lawrence Fox, Chair of the State Contracting Standards Board

February 22, 2021

The State Contracting Standards Board is the State’s Watchdog Agency for contracting and procurement

- Governor’s Proposed FY22 & FY23 budget are inadequate to meet our statutory mandates
 - Proposed FY22 - \$175,870 Requesting for FY22 \$540,109
 - Proposed FY23 - \$182,674 Requesting for FY23 \$626,047
- Only State Agency investigating troubled Quasi-Public Agencies
 - The Connecticut Port Authority (CPA)
 - Capital Region Development Authority (CRDA)
 - The Materials Innovation Recycling Authority (MIRA)
- Only State agency to conduct in depth audits of agencies’ procurement and contracting
- Currently - Active volunteer Board members and only one staff member
- Critical Staffing Need

OGA - CSB FY22 & FY23			
	POSITION	Salary Year 1	Salary Year 2 (* 3.5%)
1	Chief Procurement Officer	\$120,000	124,200
2	Research Analyst (AR22)	\$72,683	75,164
3	Accounts Examiner (AR23)	\$76,085	78,676
4	Trainer (AR22)	\$72,683	75,164
5	Staff Attorney 1 (AR25)	\$83,548	86,344
	Personal Services	\$348,914	\$439,548
	Other Expenses	Yr1	Yr2
	(2) cell ph @ \$50 monthly charge	\$1,200.00	\$1,200.00
	employ asst for 5	\$125.00	\$125.00
	est for 2 people @ 500mi per yr	\$500.00	\$500.00
	misc office supplies	\$2,500.00	\$2,000.00
	work stations	\$11,000.00	\$0.00
	Estimated cost	\$15,325.00	\$3,825.00
	Total Cost	\$364,239.00	\$443,373.00

Appropriations Committee
Testimony
Lawrence Fox, Chair of the State Contracting Standards Board
February 22, 2021

Good afternoon, Senate Chair Osten, House Chair Walker, General Government A. Subcommittee Chair Anwar, and Chair Ryan, and distinguished members of the Appropriations Committee. My name is Lawrence Fox and I am Chair of the State Contracting Standards Board (CSB).

I am joined by members of the Board:

- Bruce Buff, a retired procurement executive for such firms as BIC.
- Albert Ilg, retired long time town manager of Windsor.
- Robert Rinker, retired Executive Director of CSEA/SEIU Local 2001.
- Alfred Bertoline, a well-known Connecticut CPA.
- Lauren Gauthier, the newest member of the Board.
- Also, in attendance is the Board's Executive Director, David Guay the sole staff of the Board and Xholina Nano, University of Connecticut Graduate Intern

Thank you for the opportunity to offer comments regarding Governor Lamont's recommended budget FY 2022 & FY 2023.

The proposed budget is the same this year as last year and the year before that. In fact, it is essentially the same proposed budget as the last four fiscal years.

And so, our testimony itself is essentially the same though perhaps more urgent.

We state once again that the proposed budget for the CSB continues to be inadequate to fulfill the mission that the Legislature has assigned to us. While our volunteer Board members continue to step up in extraordinary ways, the Contracting Standards Board is not able to perform the range of tasks and responsibilities that you – The Legislature - envisioned for this Board. I believe the impact of this is less accountability, less transparency, increased cost and less efficiency in our government.

We will, as in past years provide the Appropriations Committee with highlights of what we have accomplished in the last year, we will attempt to answer your questions, but as we have stated in past testimony, we could do so much more if we were appropriately staffed.

In the past many of you have honored and acknowledged how much we can accomplish with so little. We accept that acknowledgement with gratitude, humility and also with pride.

But the sad truth is, in the past we end up at the end of the process with a budget that is essentially the same budget as in the last four fiscal years.

FY18	158,494
FY19	158,494
FY20	167,239
FY21	175,870

As Connecticut has increasingly relied on contracted out services to perform functions that were previously performed in-house, the need to have a “best in-class”, procurement and contracting capability is critical. And the need for a robust and appropriately funded Contracting Standards Board that can be proactive as well as reactive is greater now than ever. Sadly, Connecticut is still a long way from that.

For example, our statutes require that cost benefit analyses and cost effectiveness analyses be performed by agencies to determine whether contracting out is an appropriate strategy. But our audits of agencies indicate that this is rarely done. And in some instances that we have reviewed, the impact of contracting out has been increased cost.

Many times, agencies contract out because they need to accomplish their mission and it is “easier” to spend dollars off the “other expenses” line of their budget than it is to fill vacant staff positions even though contracting out is more expensive.

As an example, when the Department of Transportation (DOT) was last before the Board’s Privatization Committee, the Department’s plan to return the work of Bridge Inspections back to state employees was estimated to save over \$2 million in FY 2019. The savings were due to a true cost-benefit analysis.

Connecticut’s decentralized system of procurement has a big cost to it. From the audits that we perform, it is clear that many agencies do not have dedicated contracting/procurement staff. Training is nearly non-existent. Our Board could fulfill its statutory role to train if we had the staff.

In the last several years the Board has focused on competitive bidding and produced two studies.

- January 2018 Findings and Recommendations – Study of Competitive Bidding Practices
- January 2019 Findings and Recommendations – Study of Personal Service Agreements
Competitive Bidding Practices

As we have previously reported to you, these studies revealed that Connecticut has a long way to go to establish a culture of competitive bidding. While our state’s statutes mandate

competitive bidding except in very specific circumstances, in too many state agencies, the practice has been to come up with a reason to avoid competitive bidding. It is still not the priority that it needs to be. The taxpayers of our State pay a high price for this practice.

In response to our study the Legislature in 2019 passed a statute requiring all state agencies to project their procurement plans three years in advance and submit them to OPM. Having more staff would better enable us to analyze whether Agencies are intending to competitively bid these contracts and whether they have done the required cost effectiveness study to determine whether “contracting out this function” is still the best way to fulfill the function.

The Board continues to try to more fully understand and compile real data on the status of contracting in the State of Connecticut, whitling a large list of possible studies to five priorities.

- i. Move forward on UConn benchmarking study
- ii. Move forward on projects not completed due to COVID-19 (Public Act 19-117)
 1. Post all waiver requests on state contracting portal
 2. January 15 of every year OPM is to report on how many waiver requests received during the year and justification for granting or denying the request
 3. Three-year procurement plan for PSA and POS contracts from agencies submitted to OPM as of January 1, 2020
- iii. Other issues raised because of our studies
 1. Impact of Governor’s order to suspend competitive bidding on Covid-19 related procurement – scope, compliance, cost, termination, etc.
 2. Analysis of contracts under \$20k by contractor to determine if contractors are taking advantage of under \$20k not being subject to competitive bidding
 3. Study of staffing agency contracts – sort in descending \$ order, agency, contractor, name, position, renewal, years employed, etc.
 4. IT contracts
 5. Aging of contracts – number of years including renewals
 6. Auditor Findings – contractor refusing to allow access to data without additional payment by the State to contractor in conflict to contract terms
 7. Contracts where the contractor is selected and then the price is negotiated
 8. Significant contracts not included in OPM’s annual PSA report to the legislature such as Anthem and UnitedHealthcare/Oxford state employee and state retiree health care contracts

9. Where do design/build projects get listed
 - iv. Other Current issues
 1. Should we do a competitive bidding study on all quasi-governmental agencies of the State
 2. Jan. 3 article in Courant about the Governor hiring a public relations consultant with a non-competitive bid for \$250k

Five priority areas identified to study:

- 3 Year procurement plans for every agency (2020 requirement) collected by OPM should be complete for the Work Group to review
- Impact of Governor's order to suspend competitive bidding on COVID-19 related procurement
- Complete a study of quasi-public agency procurement
- Review use of MOAs and MOUs
- Address the Auditors of Public Accounts report of an agency unable to get cost records from a contractor.

Two Dillon Stadium reconstruction contests under C.G.S Sec. 4e-36 uncovered irregularities and concerns on how Quasi-Public Agencies contract. A special committee was formed to study these issues and issued its report on December 11, 2020.

Immediately following the publication of the Board's report on the Reconstruction of Dillon Stadium and the role of the Capital Region Redevelopment Authority (CRDA) a Quasi-Public Agency, the Board received complaints on two other Quasi-Public agencies; the Connecticut Port Authority (CPA) and the Materials Innovation and Recycling Authority (MIRA). Both complaints of contracting irregularities are ongoing matters before the Board.

Minimal staffing for the State Contracting Standards Board would include the following:

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In conclusion, the Board was established to shield and protect the State from the type of contracting scandals of the past. To think that contracting scandals will not occur without the oversight and work of the Board is wrong, we are finding it is not a matter of if, but a matter of when, with the cost of such scandals far outweighing the request of the Board for minimal staff.