

**Sal Luciano's testimony 12/14/09 to the Commission on Enhancing Agency**

**Outcomes:**

Good morning Chairman Slossberg, Chairman Spallone and members of the Commission on Enhancing Agency Outcomes. I am Sal Luciano, executive director of Council 4 AFSCME, a union of 35,000 state, municipal and private employees.

I appreciate the opportunity to speak before you this morning. I know that you have a very broad assignment in trying to improve agency outcomes. My understanding is that your charge also includes streamlining government operations and saving taxpayer's money without costing them valuable services.

It is important to note that during the negotiations with the Governor, SEBAC tried to negotiate a process where employees, through their unions, could make suggestions that could provide more efficient and effective services. Employees' quality of work life improves if they see improvements in their services. While Governor Rell's negotiators refused, we would once again make this offer to the legislature.

I'd like to address a few items. One important state government body that is capable of delivering a very positive outcome is something I know Senator Slossberg worked on, the State Contracting Standards Board, Public Act 1 sec. 2 of the 2007 September special. This body was created to examine contractor performance, comparison of state work being performed by state employees versus contractors and the like. However, Governor Rell has not named her appointments or convened this agency. This seems to be a refutation of the legislature's will, as well as the public's demand for more accountability from contractors. The legislation creating this body was passed to pre-empt future Rowland type scandals – which involve bribes from contractors. The taxpayers lost hundreds of millions of dollars in just such scandals: when the CT Resources

Recovery Authority gave a security free, illegal loan to Enron, when a private prison contractor gave a bribe to Rowland chief of staff Peter Ellef, when a highway contractor installed false sewers to nowhere on I-84 in Waterbury, and when a contractor bribed appointed officials to build an inappropriate facility to house juvenile justice clients. I urge this commission to communicate to Governor Rell in the strongest terms to convene this body.

You have heard me speak several times about shadow government, and I have just highlighted a few abuses we are aware of. The money spent already on private contractors escapes any kind of scrutiny, are in many ways protected from scrutiny and in fact, this state still has no real handle on the private contractors. I have included our Contract Services sheet that explains this process and how to begin to understand the scope and cost and effectiveness of shadow government.

Another area where agency outcomes might be more positively affected is in the Department of Revenue Services. My understanding is that auditor positions are not fully staffed in this department. State revenue auditors bring in much more money than they cost. In fact, they must meet performance standards for collection in order to keep their jobs. They also make sure that state laws are complied with and that the tax burden is fairly shared – rather than just having taxes fall on the shoulders of those who do comply with the law voluntarily. The Department of Revenue Services also no longer collects taxes on various services that used to be taxed. Some parties have gotten exemptions from state taxation by strong lobbying, rather than because of a public benefit. Car washes are one example. These “tax expenditures” should be reviewed and ones that serve no public function should be eliminated.

An example of a state entity with an ever diminishing purpose, or sense of responsibility to rate payers and citizens, is the CRRA. The CRRA is charged with ensuring that state citizens and ratepayers are protected in the process of

disposing of solid waste, both environmentally and financially. On the whole, private trash incinerators have proven to be more expensive than public ones. This makes sense as a public agency has no profit motive. It also works against the concept of increasing recycling because private incinerator operators lose money if they are not burning trash, rather than recycling it. Now, after publicly stating at a Legislative Program Review and Investigations public hearing that the CRRA opposed such privatization of the public waste to energy infrastructure, CRRA has just put out an RFQ to privatize its last plant – the Mid-CT Project. Not only does this appear to be in violation of state statute (CITE) , it is in direct conflict with what this state agency's president told the legislature last year. If this privatization of the Mid-CT Project occurs it seems that there is almost no function left for this agency to perform. Many of the municipalities that it is supposed to serve are now seeking to create an alternative to the CRRA. Perhaps state citizens will be better served if this agency is eliminated and its limited functions are absorbed by other agencies.

Thank you for your consideration. I'd be happy to answer any questions.

## **Contract Services Budget Fact Sheet**

**Shadowy contract spending escapes scrutiny while public services face cuts in tight budget times.**

- States award some \$300 billion in contracts every year and local governments spend another \$200 billion.
- Unlike other government spending, spending on contracts often is not reported – making it impossible for both public officials and taxpayers to evaluate this huge investment.
- Elected officials cannot afford to ignore \$500 billion a year in local and state contracting, especially when basic services are on the line.

**Privatization is often promoted – without proof – as a way to cut costs, especially in financially challenging times.**

- Without real information, public officials and taxpayers don't know how much is being spent on contracts, let alone if they actually are cheaper than publicly provided services.

**Every state would benefit from a Contract Services Budget published in each budget cycle.**

- Many states require some public reporting of some of their contracts, but not all of these reports provide the kind of information legislators and the public need.

**A comprehensive Contract Services Budget should include:**

- The contracting agency
- Contractor and subcontractor names
- Services provided
- Budgeted cost as well as actual past and projected future costs; and
- Whether the contract was competitively bid or not.

**Common Questions:**

- **Don't states already have this information?** In most states, information on contracts is decentralized and inconsistent, so data on total spending is virtually impossible to compare to other budget areas.
- **Won't a Contract Services Budget cost a lot of money and just produce more paperwork?** A Contract Services Budget will not be very costly to produce and can be inexpensive to maintain after it is set up. A contract budget will be useful for any state looking to improve its use of public resources, and will likely save many times more than it costs by identifying unnecessary or excessive contract spending.

## **Contract Services Budget Model Legislation**

1. The Governor shall submit as part of the state budget the following information for current and proposed contracts for services:

- (a) a description of the contract and services being purchased;
- (b) the name of the agency contracting for the services;
- (c) the name of the contractor and any subcontractors;
- (d) the effective and expiration dates of the contract;
- (e) the annual amounts paid to the contractor in past fiscal years and the current fiscal year under the contract by funding source;
- (f) the annual amount proposed to be paid to the contractor under the proposed budget by funding source;
- (g) the amount projected to be paid to the contractor in the fiscal years beyond the Governor's budget by funding source;
- (h) the total projected cost of the contract for all fiscal years by funding source; and,
- (i) whether the contract was a sole source procurement.

2. This information shall be presented in the budget by agency or comparable budget category.

3. The total cost of contracting for services shall be provided for each fund and agency or comparable budget category.

4. This information shall be provided to the public on the state's Internet site in a format allowing for searching and sorting by the categories listed in Section 1. Subsections (a) through (i).