

Written Testimony of Shar Habibi
Research and Policy Director
In the Public Interest
October 8, 2014

To the Honorable Andrea Jackson Brooks and members of the Finance Committee:

In the Public Interest is a national non-profit resource center focused on government outsourcing and responsible contracting. It is committed to equipping citizens, public officials, advocacy groups, and researchers with the information, ideas, and other resources they need to ensure that public contracts with private entities are transparent, fair, well-managed, and effectively monitored, and that those contracts meet the long-term needs of communities.

We submit this testimony in support of the resolution concerning the working group to explore cost savings ideas from front-line City and Board of Education employees. This resolution would establish a Working Group to review current contracts, review contractor performance records, and conduct cost-benefit analyses of these contracts. The activities of this Working Group would allow the city and Board of Education to better understand how its current contracts are serving New Haven and identify possible opportunities for insourcing public services when it is in the best interest of taxpayers.

The establishment of this Working Group would give the city and the Board of Education greater oversight of its current contracts and the private contractors providing important public services. Regular review and oversight are essential in safeguarding public funds and ensuring that taxpayer money is being used to provide quality services at a reasonable cost. It also allows governments to identify and correct problems such as declines in service quality or cost overruns before they become severe and affect the wellbeing or public safety of city residents.

When appropriate, insourcing can be a valuable tool for cities to utilize when contractors fail to deliver on their promises. Recent survey data from the International City County Management Association found that 53% of governments that brought services back in-house reported that the primary reason was a decline in service quality, and 51% of governments that insourced cited insufficient cost savings. Having a process by which the city can review contracts and

reassess provision of public services is an important way for policymakers to have the flexibility to make decisions to ensure that public dollars continually benefit the public interest.

Furthermore, cities that have made the decision to insource have reported successful outcomes. New York City knows this very well. Several years ago, the city insourced much of its technology work, shifting important IT projects from outside contractors and consultants to city staff. The city's Department of Information Technology and Communications was able to take 40 separate data server rooms and consolidate them into one centralized data center. The Deputy Mayor, Stephen Goldsmith, credited the careful supervision and extensive know-how of the city staff to successfully oversee the project and complete it in six months record time. Using the agency's talented public workforce saved the city \$25 million in addition to the \$100 million that the actual project saved by consolidating server rooms.¹ New York City has insourced several other important projects in several departments, including its business permitting and 311 online programs, with very successful results and enormous cost savings.²

By establishing this Working Group, New Haven can be a model and leader for other cities around the state in effective contract oversight and responsible contracting. In The Public Interest is happy to provide support to the Board of Aldermen as New Haven makes policy decisions regarding its contracting practices. Thank you for your time and consideration.

¹ <http://www.nydailynews.com/opinion/tighten-belts-insource-deputy-mayor-stephen-goldsmith-city-workers-article-1.118674?print>

² *Ibid.*