

Testimony in Support of the Senate Bill 243

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Distinguished Members of the Senate 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 Senate Bill 243. This bill requires a contracting agency to submit to the exclusive representative of the affected employees an analysis of considered alternatives to outsourcing 60 days prior to beginning the contracting process. Furthermore, the bill requires the contracting agency to provide an opportunity for the exclusive representative to meet and discuss alternatives to outsourcing with the agency within that 60 day period. Often contracting decisions can be rushed, and this provision would ensure that contracting agencies weigh other options in addition to outsourcing to determine the best solution for the agency. And by ensuring that the exclusive representative of affected employees has access to this information and an opportunity to discuss it with the agency, the agency gains the valuable perspective of the existing public workforce who have expertise in the service in question. Existing public workers often have solutions and ideas that promote efficiency and save money.

Additionally, Senate Bill 243 requires an audit to determine if a service contract produced the anticipated cost savings before the initial term of the contract expires. The audit will be publicly available. This audit is an important tool for the state. It allows the state to understand whether the contract is actually saving money, or if not, identify cost overruns. It allows the state to evaluate whether it is getting a good deal for the level of services provided before a contract is renewed. The audit will allow the state to make better decisions regarding its contracts and ensure better outcomes. By making the audit public, residents can also ensure that taxpayer dollars are being spent wisely.

While Maryland was able to quickly identify cost overruns in its state healthcare exchange contracts last year¹, cost overruns or diminished cost savings in smaller or less prominent contracts may fly under the radar unless the state has a systematic process for evaluating the financial promises of contracting. In many cases, the only way a state identifies cost problems is through an audit process, and by routinely requiring this for service contracts, Maryland will be taking a big step toward ensuring the integrity of public dollars in the contracting process.

All provisions of Senate Bill 243 strengthen Maryland's decision making processes around state contracts, and help reduce the risk of contract failure. In the Public Interest is happy to provide support to the Committee as the State makes policy decisions regarding its contracting practices. Thank you for your time and consideration.

¹ <http://www.wbaltv.com/health/health-care-reform/are-omalley-brown-getting-political-bonuses-from-contractors/24312696>