



**CONNECTICUT
ASSOCIATION
of NONPROFITS**

*...to serve, strengthen
and support Connecticut's
nonprofit community.*

TESTIMONY BEFORE THE PUBLIC HEALTH COMMITTEE

Raised Bill 1120 An Act Imposing A Moratorium On the Rebidding of Purchase of Service Contracts Pertaining To the Delivery of Health And Human Services By Or On Behalf of State Agencies

To Impose A Temporary Moratorium on the Rebidding of Contracts Between State Agencies and Private Providers of Health & Human Services

Senator Harris, Representative Ritter and members of the Public Health Committee, I am Ron Cretaro, Executive Director of the Connecticut Association of Nonprofits. Connecticut Nonprofits has a membership of 525 nonprofit organizations, of which 300 are health & human service state contracting Purchase of Service agencies.

According to the Office of Policy & Management, there are an estimated 760 organizations with more than 1900 Purchase of Service contracts valued at close to \$2 billion. Among these, there are at least 40 towns & municipalities which have Purchase of Service contracts with total value above \$15 million which would likely be subject to re-bidding, mostly within the Departments of Public Health (e.g. school based health centers) and Social Services (e.g. child day care)

I am here today to ask you to impose a two year moratorium on State agency re-bidding efforts. With the uncertainty which exists, re-bidding contracts only adds to the anxiety of nonprofits trying to sustain their businesses in difficult economic times. It risks disrupting & destabilizing programs and the lives of clients.

While recently the Office of Policy & Management, at the behest of the nonprofit community, issued a memo to state agencies stating there is no longer mandatory re-bidding required, it has not stopped individual state agencies from pursuing efforts to re-bid programs & services.

A moratorium will permit time for the Contracts Standards Board to convene and complete work on a set of operating standards which will bring greater clarity, transparency and accountability to state procurement of goods and services. There needs to be more uniformity and standardization of RFP formats & process, weighting, scoring & evaluation of proposals. State agency staff needs to be trained in procurement procedures.

Too often we believe state agencies are engaging in re-bidding efforts out of avoiding development of evaluation and performance objective measures. There is nothing that prevents State agencies from including fair and reasonable performance measures in contracts. Re-bidding is not necessary to accomplish this.

Saving money has never been the purported reason for the Executive Branch engaging in competitive re-procurement. Yet, several state agencies proposed budget option reductions to the Governor's requested 10% reduction by saying they would cut dollars within programs and services followed by re-procurement to determine how to redistribute funds. This will result in

State government continuing to exact more for less from nonprofits already strained for resources.

It pits nonprofits against each other in a competitive environment where collaboration is called upon more than competition. Admittedly, there are some nonprofit contracting organizations struggling to survive that see re-bidding as a business survival opportunity to gain greater market share and position their individual organization.

Too often, in our estimation, re-bidding rewards those organizations which can employ the best grant writers and those which can write the best grant proposal. It favors larger organizations over smaller more community based, local organizations. It permits state agencies more easily to award contracts to out-of-state organizations. It has permitted state agencies to hide behind claims of evidence based practice and the necessity for a new model as the reason for initiating a re-bidding RFP.

Re-bidding introduces further unsettling dimension into the operating experience of nonprofit organizations coping with the economic downturn and facing the likelihood of no funding increases in their contracts for three years. If the goal of re-bidding is to drive costs down and reduce the salaries and benefits nonprofits pay to its employees, then in an atmosphere of instability, it will be damaging but successful.

We fear that possible State employee layoffs or early retirement will impact the staff within State departments responsible for contract administration resulting in the even further delays in timely contracting and ultimate payments to nonprofits already fearful over their ability to access credit if the State budget is not approved in a timely fashion. The Department of Social Services, with the most Purchase of Service contracts, perennially is late with the execution of its contracts with nonprofit providers, forcing nonprofit contractors to draw on lines of credit.

The Office of Policy & Management has shown no appetite for interfering with the will of individual state agencies bent on proceeding with re-bidding efforts. Nonprofits can find little solace in this persistence. It could not come at a worse time.