



STATE OF MAINE
DEPARTMENT OF ADMINISTRATIVE & FINANCIAL SERVICES
BURTON M. CROSS BUILDING, 3RD FLOOR
78 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0078

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COMMISSIONER

*Testimony of Anya Trundy, Director of Legislative Affairs
Department of Administrative and Financial Services
testifying in support of*

LD 875, An Act To Protect Taxpayers in the Privatization of Services and To Establish the State Procurement Review Committee

Sponsored by Sen. Baldacci
Before the Joint Standing Committee on State and Local Government

Senator Baldacci, Representative Matlack, and honorable members of the Joint Standing Committee on State and Local Government, my name is Anya Trundy, I am the Director of Legislative Affairs for the Department of Administrative and Financial Services (DAFS), and I come before you this morning to provide testimony in support of LD 875, An Act To Protect Taxpayers in the Privatization of Services and To Establish the State Procurement Review Committee.

The bill before you today is the committee amendment to LD 1458 from the 129th Legislature, which last March this received an ought to pass recommendation from this committee. It was the product of many hours of stakeholder meetings between the bill's sponsor, AFL-CIO, AFSCME, MSEA, DAFS, and the Office of the Attorney General; the incredible amount of work that your skilled committee analyst Lynne Caswell did over multiple drafts to turn our bullet points into statutory language; and the patience of chairs Sen. Claxton and Rep. Martin that we tested the limits of each time we asked them to delay the work session because we were "almost there."

The original LD 1458 language drew heavily on Massachusetts's Pacheco Law which has been on the books in the Commonwealth since 1993—nearly 30 years. DAFS did not object to the original proposal in principal, but no two states existing laws or bureaucracies are structured the same, and so significant work was necessary to tailor the Massachusetts's law to fit Maine.

LD 875 remains true to the core principals of the Pacheco Law:

1. In order for the State to privatize services currently performed by bargaining unit employees, the State must first prove its cost saving assertions and that privatization is in the taxpayers' best interest.
2. If the State proposes privatization, the cost savings cannot be achieved simply by reducing the wages and benefits offered for performing the same work.
3. If a privatization contract demonstrates cost savings, the winning bidder must offer employment to any displaced state employees.

The first provision of the bill that requires departments and agencies to do the actual math is the most important component of the bill, because if the numbers don't bear out, well, then the proposed privatization doesn't advance. As has been seen in Massachusetts this is frequently the outcome of this exercise, and as a result, all the provisions of the bill that come after this one, are called into play less frequently.

In negotiating the specifics of implementation, DAFS' had one primary condition: the new law needed to reside within the purchasing statute, and the process needed to be located the Division of Procurement Services where the State's contracting and purchasing expertise is centralized and headcount already exists. DAFS was opposed to creating a process that significantly deviated from existing procurement procedures and charging it to an office for which it would be outside of their normal purview.

The process laid out in LD 875 follows a fairly standard procurement path, while establishing disclosure checkpoints to inject added scrutiny specific to the privatization process. The checkpoints require review by the Office of the Attorney General, and allow an opportunity for review by the Union. If something is amiss, this bill provides that the Attorney General may intervene, and the Union has standing to pursue legal recourse.

In conclusion, DAFS stands by the stakeholder consensus that we found last year and urges the Committee to vote LD 875 ought to pass.

Thank you for allowing me to testify before you today. I am happy to respond to any questions you might have at this time and will be available to you at the work session.