



STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT

DATE: October 29, 2013

TO: Department Heads

FROM: Ben Barnes 

RE: **State Contracting Standards Board**

The State Contracting Standards Board has recently had a number of new appointments to the Board. As this Board begins its term, and in an effort to assist the Board as it continues the work begun by the prior Board members, it is appropriate to take this opportunity to clarify the expectations for reviewing your current agency contracts.

The State, through its agencies, currently contracts for a variety of professional and contractual services as those terms are defined in section 4e-1 of the general statutes. Professional and contractual services include, *but are not limited to* information technology services, property management, construction, repair and maintenance services, printing, advertising, temporary labor, and other services. Significant efforts have been undertaken statewide to streamline the operations of state government, identify efficiencies and find savings. Agencies have previously been requested to review contracts held by their agency as part of that effort. If an agency has not undertaken that review recently as part of this effort you are requested to evaluate your agency's current professional and contractual services contracts to determine if continuing to contract for such services is the most cost effective method of delivering those services. We want to be able to track agency outcomes and will be providing a reporting format in the near future.

Additionally, prior to soliciting or entering into any contract for professional or contractual services, agencies are hereby reminded that they must perform a cost-benefit analysis, in accordance with the requirements of C.G.S. § 4e-16, if:

- A) The specific services to be performed under the contract were not performed, in whole or in part, by a non-state entity, prior to January 1, 2010; and
- B) The types of services to be performed under the contract are currently being performed, in whole or part, directly by the agency.

This directive to conduct cost-benefit analyses prior to entering into privatization contracts does not apply to contracts with non-profit agencies (in effect on January 1, 2009 and services have continued to be provided by a non-profit agency) nor does it apply to emergency procurements as defined in section 4e-1(16) of the general statutes.

In performing the cost-benefit analysis, an agency shall use the applicable “normal cost” of fringe benefits for existing staff or when identifying additional staff necessary to perform the service by the agency. The agency shall separately note that the fringe benefit costs identified are the normal cost and do not include the calculation of the fringe benefit accrued liability as determined by the Comptroller.

Thank you for your cooperation.