Testimony on Governor's Bill 878 (an act enhancing public-private partnerships)

Submitted by Scott Shepard, Policy Director

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Good afternoon. My name is Scott Shepard. I am the Policy & Research Director for the Yankee Institute for Public Policy, Connecticut's free-market think tank. I submit this note in partial opposition to **Governor's Bill 878**.

This was very nearly a very good proposal – right up to the last section. Connecticut needs, desperately, to provide more services better and for less cost. One excellent way to achieve that goal is to create public-private partnerships. It is well known that in most cases the private sector provides better goods and services more cheaply than does the government sector. Thus only goods or services that for one reason or another *must* be provided in part by the government should be provided by anything other than the private sector. Where government involvement is deemed vital, public-private partnerships, if properly designed, will result in a higher quality of service at a lower cost than government provision.

At all events, this legislation would prohibit the governor from awarding work to partnerships except upon demonstration that the award will provide an economic benefit to the state.

Where this legislation stumbles is in Section 4, which would subject public-private partnerships to some of the antiquated and market-distorting work rules that render government efforts so expensive in the first place. Public-private partnerships should not be subjected to prevailing-wage and set-aside rules. We must move away from the model whereby the taxpayers of Connecticut, who must themselves work at *market rates*, pay ever-escalating tax burdens for government services at higher-than-market (effectively *monopoly*) rates in order to subsidize a privileged class of government workers.

Government (or quasi-government) workers should not be heir to special wages and benefits that tax payers can not aspire to but have to pay. If the concern here is that government workers will not be able to compete successfully with public-private partnerships unless those partnerships' costs are artificially inflated, this is a conclusive demonstration that *government workers are getting too much in pay and benefits at taxpayer expense*, not that the taxpayers should be mulcted out of yet more of their earnings to pay monopoly-like rates to a yet broader class of favored citizens.