

# NEW JERSEY STATE AFL-CIO

106 West State Street  
Trenton, New Jersey 08608

(609) 989-8730

FAX (609) 989-8734

[www.njafcio.org](http://www.njafcio.org)



CHARLES WOWKANECH      LAUREL BRENNAN

CHARLES H. MARCIANTE

SCOTT ADAMS	JOHN GERRITY	C. ROBERT McDEVITT	ANTHONY SANTO
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ROY FOSTER	MATTHEW McCARTY	HETTY ROSENSTEIN	

May 15, 2014

Dear Members of the Assembly Labor Committee:

**Re: Please Support A-2873 (Vainieri-Huttle / Moriarty)  
Promotes Transparency & Accountability in the Privatization of Contracts**

The New Jersey State AFL-CIO supports A-2873 and respectfully asks for your support. We commend the sponsors, Assembly members Vainieri-Huttle and Moriarty, for their efforts in promoting transparency in the contracting process and accountability to taxpayers when public contracts are being privatized.

Regardless of philosophical positions on privatization, whether in support or in opposition to the concept, we can all agree that the interests of three groups – taxpayers, residents and employees – must be front and center when considering the merits of privatization. After all, these are the people who depend on the delivery of these services, depend on them as a means of making a living, and of course, pay for them. The legislation before you today seeks to implement best practices for the benefit of all three of these categories of stakeholders.

It is important to note that this legislation does not forbid the privatization of services, rather, it puts in place common sense mechanisms to ensure that savings promised to taxpayers actually materialize. This is achieved by the bill's requirement that the state agency with jurisdiction over the contract perform a cost analysis to confirm the anticipated savings presented by the private proposal. This analysis would be a requirement prior to the approval of the contract.

It should be noted, that this same recommendation was made by Dick Zimmer, Chairman of the Governor's Privatization Task Force, in their report issued in May 2010. Specifically, the Zimmer report advocated for government entities to "apply a rigorous cost-benefit analysis to determine if a privatization should go forward." The bill also then requires an annual post audit if the contract was privatized to assure actual net reduction in costs and therefore realized anticipated savings to taxpayers.

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