

**Testimony in Support of the Taxpayer Empowerment, Accountability and Transparency in State Contracting Act (HB 2201)**

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Distinguished Members of the Kansas House Committee on Federal and State Affairs:

In the Public Interest is a national nonprofit resource center focused on government outsourcing and responsible contracting. We are committed to equipping citizens, public officials, advocacy groups, and researchers with the information and resources they need to ensure that public contracts with private entities are transparent, fair, well-managed, and effectively monitored, and that such contracts meet the long-term needs of communities.

We submit this testimony in support of House Bill 2201. This bill requires that any contract between an agency and contractor meet standards that protect Kansas taxpayers by ensuring transparency, accountability, shared prosperity, and competition in outsourced public goods and services. Without protections, outsourcing undermines these core public principles—and the underpinnings of democracy itself. For example, problems continue with Kansas's KanCare and multiple allegations of improperly denied claims have surfaced against the state's three contractors.

The following will protect Kansas taxpayers and help them maintain control over crucial public decisions:

- The bill calls for the establishment of an online contract database. Tracking spending and personnel data, as public agencies do for their own workforce, will allow Kansas lawmakers and taxpayers to better understand where tax dollars are going and how public money is being spent.
- The bill establishes that records and files related to the performance of an outsourced governmental function are subject to the Kansas open records act and that contractors abide by the provisions of the Kansas open meetings act. Abiding by public records and meetings laws will ensure that Kansas taxpayers have access to decision-making processes and documents concerning services and programs performed by contractors.
- The bill dictates that no procurement shall proceed unless the government has hired personnel and obtained resources necessary to oversee and monitor performance of an outsourced service. Contracting for services is actually more complex than in-house delivery and requires highly skilled management to plan, analyze, assess risk, and monitor compliance. As our report, "Standing Guard: How Unaccountable Contracting Fails Governments and Taxpayers" details, evidence from around the country shows that if government agencies do not dedicate sufficient personnel and time to contract oversight, they run a high risk of poor contractor performance and cost overruns.

- The bill prohibits any company that has evaded taxes or broken the law from contracting with the state. Contractors are paid with taxpayer money; therefore they shouldn't break the law and should pay their fair share of taxes.
- The bill bars agencies from signing a contract that isn't projected to result in overall cost savings to the state of 10% or more. It also dictates that cost savings can't derive from denying worker benefits, and that workers must be paid comparable wages. This ensures that Kansas taxpayers will actually benefit from an outsourced service, and that cost savings won't come from the pockets of Kansas's working families. This section of the bill also protects Kansas's local communities. In our report, "Race to the Bottom: How Outsourcing Public Services Rewards Corporations and Punishes the Middle Class," we found that without proper protections, low-road government contracting can set off a downward spiral in which reduced worker wages and benefits can hurt local economies and overall stability of middle and working class communities.
- The bill requires an agency study the potential impact of outsourcing a service. Kansas taxpayers should know if a contract will have unintentional negative effects on the outsourced workforce, residents, local businesses, the tax base, and local economies.
- The bill bans any contract language that guarantees contractor profits. Non-compete clauses and compensation clauses in public infrastructure contracts, and occupancy guarantee clauses in private prison contracts, are examples of how contractors protect their profits. Kansas taxpayers should be protected, not contractor profits.

HB 2201 ensures that Kansas taxpayers have a say in how tax dollars are spent and that outsourcing isn't a race to the bottom for local economies, as wages and benefits for working families fall while contractor profits rise. The best practices contained in this bill give state decision makers the necessary tools to ensure that state contracts are in taxpayer's best interest. In the Public Interest is happy to provide support to the Committee on Federal and State Affairs as it makes policy decisions regarding its contracting practices. Thank you for your time and consideration.