



Chris Dempsey for State Auditor
AFSCME Council 93
Questionnaire Responses

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As the chief accountability officer for the Commonwealth of Massachusetts, the Massachusetts State Auditor has broad powers to ensure state agencies and contractors receiving taxpayer funds spend tax dollars efficiently, legally and in a manner that provides taxpayers with quality government services. If elected Auditor of the Commonwealth of Massachusetts, what would be your top three priorities and what areas of government would you target first for audits?

Massachusetts residents and workers face a number of pressing challenges, from the high cost of housing, to a broken transportation system, to health care that is neither cost effective nor accessible, to an education system that produces vastly different outcomes for students depending on their zip code. The State Auditor's Office can help improve all of these areas of public policy and more. Our campaign was the first in this race to issue policy plans for how we wanted to use the office as a platform to improve state government. Our first three policy papers addressed these three topics:

- Oversight of federal stimulus funding:
<https://dempseyforauditor.com/arpa/>
- Climate and environmental justice:
<https://dempseyforauditor.com/climate/>
- Reform and accountability of the Massachusetts State Police:
<https://dempseyforauditor.com/msp/>

These papers describe an approach to public accountability and reform that is both creative and pragmatic. We need to apply this kind of problem-solving to every challenge facing the Commonwealth, including housing, transportation, healthcare, and education. Many of these challenges overlap and contribute to barriers of affordability and access for too many Massachusetts residents. The next State Auditor should be someone who hasn't just called for change, but has actually led change within state government and solved tangible, real problems facing people across the Commonwealth.

PRIVATIZATION AND THE TAXPAYER PROTECTION ACT

The Massachusetts Taxpayer Protection Act – (commonly referred to as the Pacheco Law) provides the Massachusetts State Auditor with authority to approve or reject proposals to outsource an existing state service and replace state workers with privately contracted workers. The law sets series of fair and balanced standards that proponents of privatization of state services must meet before they can proceed with awarding a contract to a private company. All proposed contracts valued at \$603,833.00 (indexed to inflation) or higher are subject to the provisions of the law. If proponents of privatization can prove the proposal will save a minimum of just one dollar under existing costs while maintaining equal or better services, the proposal can proceed and the contract can be awarded.

Considered the gold standard of such laws in the country, the law roots out hidden costs to the taxpayers and sets very modest wage and benefit levels for the private employees working for the private vendor. Under the law, contractors are required to pay workers the starting wage of the state employee currently performing the job or the average private sector wage – whichever is LESS. They are also required to pay the same percentage (20%-25%) of health insurance costs paid by the state, but they are NOT required to offer the same health insurance plan. Despite the law being wrongfully portrayed as an impassible roadblock to privatization, approximately 80% of the proposals formally submitted to the auditor for review are ultimately approved and privatization is allowed to proceed.

However, the financial due-diligence required by the law has saved taxpayers hundreds of millions of dollars and helped to maintain high-quality public services because many plans are abandoned after proponents realize their proposal will not result in savings to the taxpayer and/or maintain the same level of service.

What is your opinion of privatization of public services in general?

Privatization of public services often hurts those who benefit from the service and frequently comes with obscured or hidden costs that are not accounted for by proponents of the privatization. Privatization also often comes at the detriment of public sector union jobs, and we have too often seen that privatization proposals rely on underpaid, non-unionized workers. I believe there are generally better ways to improve public services than resorting to privatization.

There are places where the state and the private sector can work together to drive significant value to residents and taxpayers and I look forward to continuing to identify such situations as they arise. For example, I co-founded the MassDOT open-data program that gave the public access to bus and train arrival times. This proposal led to the creation of jobs in the public and private sectors, but at lower costs than more costly and cumbersome alternatives. It also prevented MassDOT from getting locked-in to a single vendor, or from picking winners and losers.

What is your opinion of the Taxpayer Protection Act?

Under the Massachusetts Taxpayer Protection Act (often referred to as the Pacheco Law), the Office of the State Auditor is responsible for reviewing proposals from state agencies and various state authorities that seek to privatize a service that is currently performed by public employees. In this capacity, the Auditor plays a central role in defending taxpayers against initiatives that deliver profits to private companies, often at the expense of unionized workers. As Auditor, I will bring a keen eye to these decisions, with an understanding that the law intends and requires the Auditor to reject any proposal that does not clear a high bar on both cost and quality. I will take this responsibility seriously and commit to rejecting any proposal that does not meet this bar.

If elected Massachusetts State Auditor, do you pledge to actively and vocally defend the law and publicly oppose and attempts to weaken any provisions of the law?

I unequivocally pledge to defend and protect the Taxpayer Protection Act and would fight against any efforts to weaken it. The TPA is effectively the strongest firewall against any efforts to erode and worsen public services at the hands of private interests and their profit margins. If the law were to be weakened, it would help private interests and businesses only seeking to profit at the expense of residents who utilize these services.

Given that the law does not apply to municipalities and billions in state funds are awarded to cities and towns every year, would you support efforts to mandate that municipalities follow the provisions of the law?

We should hold all levels of government to a high standard when it comes to the expenditure of public resources. I support applying the same principles of the Taxpayer Protection Act to privatization proposals at the local level. Before the legislature extends the mandate to municipalities, I will make available the office of the Auditor for voluntary review of such decisions and to create a toolkit of best practices to assist municipalities.

If you do not support a mandate on municipalities, would you support requiring cities and towns to seek an advisory opinion from the auditor before taking a formal vote to proceed with privatization?

Unless and until the legislature makes such a decision, I would make available the office of the Auditor for voluntary review of such decisions and to create a toolkit of best practices to assist municipalities opting for this kind of analysis. Should the Legislature require advisory opinions, I would ask the legislature to allocate additional resources to the Auditor's Office to properly and effectively provide these opinions.

As an elected leader or government official, have you ever initiated and/or voted for a proposal to replace government services and public employees with a private or non-profit company?

No.

If so, please provide the details of the privatization initiative, including the services that were outsourced, and your reasons for supporting privatization.

N/A

PRIVATE CONTRACTORS IN THE STATE HUMAN SERVICES SYSTEM

Despite the aforementioned Taxpayer Protection Act, the commonwealth's reliance on private human services providers is extensive and continues to expand every year. Every year, the state allocates billions of dollars to hundreds of for-profit and non-profit providers to deliver these services, with little or no oversight. According to publicly available 990 federal tax forms, executive pay alone within this provider community numbers in the tens of millions of dollars. For example, David Jordan, the President of the Seven Hills Foundation, earned \$923,266 in compensation according to 2019 tax returns for the organization, while Seven Hills CEO Kathleen Jordan earned \$380,421 in the same year. Andrew Pond, the President and CEO of the Justice Resource Institute earned \$453,327 in 2019. Meanwhile, the leaders of these hundreds of non-profits turn to the taxpayers every year for increases in so-called Chapter 257 funding, claiming they cannot afford to provide their front-line workers with decent pay increases. It is also important to note that because of the low-wages paid to these workers, there is additional cost to the taxpayers in the form of subsidized healthcare and food assistance. While the billions in money allocated every year to these providers is mostly buried deep within general appropriations to the human services agencies, there are two line items in the Department of Developmental Disability Services (DDS) section of the budget alone that provide a snapshot of these expenditures.

Line Item 5920-2000 allocated \$1,408,349,244 in the current fiscal year budget for "vendor-operated, community-based residential adult services....."

In contrast, a subsequent line item (5920-2010) which supports state-operated DDS community services is funded at \$240,637,466 in the current year – 82% LESS than the private providers.

Were you aware of the scope of the state's reliance on these vendors and the exorbitant salaries paid to the top executives of these providers?

I was aware that a significant share of these services were outsourced, but I appreciate AFSCME Council 93 putting this disparity into such clear and stark terms.

If elected Massachusetts State Auditor, do you pledge to initiate an audit in your first year in office that will include but not necessarily be limited to identification and public disclosure the following?

Yes. Auditing these sectors and processes will bring transparency and accountability to government spending, especially with regard to how funds are allocated to private-sector providers. Auditing these funds is imperative to understand overhead costs, wages, and benefits, and will show if this money is being spent properly and effectively. Additionally, I will use these audits to compare private and public services.

The amount of funds allocated in the current and previous two fiscal years to all private non-profit and for-profit human services providers through all agencies under the Executive Office of Health and Human Services.

The total amount of this funding for each fiscal year used by these providers for executive compensation.

The total amount of this funding for each fiscal year used by these providers for other overhead costs such as rent and utilities.

The total amount of funding for each fiscal year used to pay wages and benefits to direct care workers employed by these providers.

A calculation of the total cost of care in the provider system versus the state-run system across all agencies under the Executive Office of Health and Human Services.

Identification of any trends or internal documents indicating plans to phase out state-operated human services programs under any agency under the Executive Office of Health and Human Services.

Yes, I commit to conducting these audits.

If you will not commit to such an audit, please tell us why.

N/A