

Emerging Issues
State Government Procurement

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Emerging Issues

Panelists:

- Mike Smith, State of Illinois (moderator)
- Nick Kaczmarek, State of Pennsylvania
- Charles Covington, State of Florida
- Gary Lambert, NASPO Life Member

Emerging Issues -- A Look Back

- Purchasing Cards
- E-Procurement
- Cooperative Purchasing
- Outsourcing
- Strategic Sourcing
- Training and Certification

Emerging Issues --Today

- Supplier Management
 - Growing need to interact with suppliers
 - Industry trends
 - Best practices
 - Benchmarking
 - Integrity/Ethics
 - Who, what, when, where, how often...
 - Fair/open competition
 - Procurement lobbying
 - ROI for increased communication -- ??

Emerging Issues --Today

- Information Management
 - Transparency
 - Publication of more information and decisions
 - Open meetings
 - Freedom of Information Act
 - Cost of transparency
 - Is there a limit?
 - Accessibility
 - Outreach
 - Supplier diversity
 - Accountability
 - General public
 - Legislature
 - Media
 - Governmental entities served
 - Suppliers

Emerging Issues --Today

- Environmental/Energy
 - "Green" procurement
 - FFV and hybrid vehicles
 - Cleaning supplies
 - Lighting
 - Renewable energy
 - Hedging
 - How to measure overall benefit?

Emerging Issues --Today

- Cooperative Purchasing
 - On-going trend
 - WSCA – NASPO – NASPO Regions
 - Will continue to grow across the states

Emerging Issues --Today

- Organizational Design
 - Administrative or budget function?
 - Centralized, de-centralized or center-led?
 - IT – do traditional procurement processes work in today's environment?

Emerging Issues --Today

- Legislation
 - HR 4297, the "Tax Increase Prevention and Reconciliation Act of 2005" (a.k.a. "TIPRA"), which is now Public Law 109-222.
 - Section 511 of the act requires federal agencies, states, counties, and municipal governments that spend more than \$100 million on goods and services annually to withhold 3% of their payments to vendors and deliver it to the IRS.
 - Several organizations pursuing appeal
 - Social issues
 - "Sweat-shop" legislation—Maine Governor's Coalition for Sweatfree Procurement and Worker Rights (PA, NJ have already joined)
 - Environmentally friendly—all 50 states introduced some form of environmental legislation in 2006

Emerging Issues --Today

- Lobbying reform
 - Amendment 41 (CO)--expands restrictions to cover gifts and things of value to legislators and extends the prohibition to most state and local government employees
 - NY Procurement Lobbying Law
- Transparency – right to know
- Immigration laws
 - CO HB 1017 requires contractors to certify that they do not employ undocumented workers and outlines strict penalties for negligence
 - GA SB 529, among other things, forbids public employers to enter into contracts with contractors unless it registers and participates in the federal work authorization program.

Emerging Issues -- A Look Ahead

- Do more (and more) with less (and less)
 - Aging workforce retiring and not being replaced
 - Budget impact on procurement – NASBO predicts:
 - Slow revenue growth for State's
 - Possible slowing expenditure growth
 - Slower growth in assistance from the federal government
 - Increased competition and pressure for budget dollars
 - Higher priorities -- healthcare, education (K-12), pensions/retirements, infrastructure needs
 - Lower priorities – procurement of operational needs
 - Pressure to find creative and more efficient ways to reduce the cost of government (Strategic Sourcing)

Emerging Issues -- A Look Ahead

- ABA Model Procurement Code – are changes needed to reflect realistic needs of IT/Telecommunications
 - Code developed (1979) prior to availability and/or widespread use of PC's, LAN's, Internet, E-mail, etc.
 - Technology advances have outpaced Code revisions
 - Is there a better way to meet the ever-changing needs of technology while maintaining the basic principles of procurement (i.e., competition, ethics, etc.)
- Technology/systems/reporting capabilities
 - Reliance on technology

Emerging Issues -- A Look Ahead

- Privatization of public assets
 - State's investigating sale or lease of tollway systems, state lottery, airports, public buildings
 - Changes demand of public procurement needs
- Environmental issues
- Cooperative purchasing
- Training and certification

Emerging Issues -- Summary

- Shifting of organizational structure, design and place of procurement in government
- Re-thinking the Model Procurement Code
- Incorporation of social and environmental issues in the procurement process
- States working together to improve efficiency
- Greater emphasis on procurement transparency, accountability and communication
- Shift in budget priorities causing increased need to find more creative ways to procure operational needs and to better utilize state assets

PROCUREMENT TRANSFORMATION

Emerging Issues

Questions??
