

News You Can Use December 2011

Budgets and the Economy

Local governments paid slightly higher prices in November – Last month, the overall costs of goods and services purchased by local governments increased 0.3 percent, according to American City & County's Municipal Cost Index. The November 2011 Municipal Cost Index value of 224.2 is 4.9 percent higher than last year. [Read more....](#)

Short-staffed and budget-bare, overwhelmed state agencies are unable to keep up – A *Stateline* investigation found that agencies across the country are seeing growing backlogs of work, as increased demand for state services in a weak economy bumps up against the states' efforts to cut their payroll costs. From public housing to crime labs, restaurant inspections to court systems, four years of layoffs, furloughs, hiring freezes and unfilled vacancies are beginning to take their toll. [Read more....](#)

Cash-strapped Detroit stops paying some vendors in risky move – Running short on cash to fund basic services and payroll, Detroit stopped paying some of its vendors in a move that experts say could increase the likelihood of the state appointing an emergency manager or contractors pushing the city into bankruptcy court. City Council President Pro Tem Gary Brown, the lone Detroit elected official calling for some state intervention, said the city must act more quickly to reduce a runaway deficit that could reach \$340 million by June and force draconian reductions. [Read more....](#)

States face bleak economic forecast, report says – Things have improved since the worst of the recession, but states still face a dire fiscal situation, according to a report to be released Tuesday by the National Governors Association (NGA) and the National Association of State Budget Officers (NASBO). The Fiscal Survey of States says that even as states struggle with tepid revenue growth, they will be called on to spend more because of the economic distress caused by continued high unemployment. [Read more....](#)

Flurry of price increases announced – Manufacturers and providers of services have recently announced price hikes on products, materials and services. [Read more....](#)

Virginia Governor McDonnell calls for nearly \$900M in budget savings – Governor Bob McDonnell presented what he called "a budget marked by tough decisions demanded by this difficult economy", proposing to pare nearly \$900 million from various state services and programs while avoiding tax increases. Overall, the budget will increase to \$85 billion for the two years beginning July 1, up from \$80 billion for the previous two years. But legislative budget analysts had warned that adjustments needed to be made because revenue growth isn't sufficient to keep up with spending commitments. [Read more....](#)

Staffing

Tennessee workforce falls about 10% since 2008 – The lingering aftershocks of 2008's Great Recession are changing the face of Tennessee government, particularly its size. Most state functions are operating with almost 10 percent fewer workers now than before the downturn. Data compiled by legislative analysts shows there were 47,102 full-time positions supported by the general fund in the pre-recession



2007-08 budget. That has fallen to a projected 42,856, or about 9 percent, in the 2012 state budget that took effect July 1. [Read more....](#)

Many Workers in Public Sector Retiring Sooner – As states and cities struggle to resolve paralyzing budget shortfalls by sending workers on unpaid furloughs, freezing salaries and extracting larger contributions for health benefits and pensions, a growing number of public-sector workers are finding fewer reasons to stay. Across the nation, there were 71,000 fewer state government workers in November than there were a year ago, and 180,000 fewer local government workers, federal Bureau of Labor Statistics data shows. [Read more....](#)

Governor John Kitzhaber orders Oregon government hiring freeze – Oregon state government is heading for a freeze this December and January. That's freeze as in a hiring and spending freeze. Governor John Kitzhaber ordered state agencies to suspend all but essential hiring. The move follows a letter sent by the three co-chairmen of the Legislature's budget committee asking the governor to tell agencies to stop "non-critical" spending until the state's next economic forecast and until lawmakers are able to reassess their \$14.8 billion budget plan during the upcoming February session. [Read more....](#)

Procurement Trends and Best Practices

Bill would give New Jersey power to block towns' contract bids – A state senator has called for broader powers for the comptroller to investigate which state contracts may have broken the law, calling the number of errors "appalling." Sen. Barbara Buono, D-Middlesex, introduced a bill Monday that would give the comptroller's office extra power to block smaller contracts from going out to bid or being awarded if they violate purchasing laws. Her action followed a report in The Record that more than 20 percent of public contracts reviewed by the comptroller's office in the last fiscal year violated those laws. [Read more....](#)

Jacksonville Mayor Alvin Brown: New Reorganization Plan will Save Taxpayers Money – Jacksonville Mayor Alvin Brown said the government **reorganization** plan passed by the city council will save taxpayers money and serve them better. "I want to focus on saving taxpayers 10 to 15 percent in the reform of city government. We already started, looking at areas like fleet management, procurement, information technology, making sure we have better delivery of services, but also saving taxpayers money." [Read more....](#)

First Woman Elected to Run Cook County Invades Paradise of Graft – Toni Preckwinkle runs the second- largest U.S. county, a storied sewer of corruption whose embrace of the dark side began more than 140 years ago when commissioners accepted bribes for a contract to paint the seat of local government in Chicago -- with whitewash. Burying this legacy of malfeasance is just the start of Preckwinkle's challenge as Cook County's chief executive. [Read more....](#)

Louisiana State University's new purchasing power could leave local businesses in dust – These changes in purchasing power apply to the University's procurement code, or the method by which it purchases the goods it needs to run, from pencils and paper to computers and transit systems. Chief Procurement Officer Marie Frank said the red tape involved with the current procurement code is irrational. Rather than being able to look for the best deal, "we had to think, 'How can we purchase this within the confines of an antiquated law?'" she said. With the help of the GRAD Act, Frank said the University can behave as business and industry do by making purchases based on the best deal rather than restricting criteria in the procurement code. [Read more....](#)



Cook County President Toni Preckwinkle and Mayor Rahm Emanuel announce the results of joint city-county committee report – The report found that increasing City-County collaboration can save taxpayers up to \$140 million per year by 2014. Clear cost savings identified by the committee include: streamlining custodial services: \$11 to \$23 million, centralizing energy management: \$9 to \$23 million, and expanding joint purchasing: \$12 to \$24 million. [Read more....](#)

N.J. Eyes Transformation After Naming New State CIO – Emanuel, who was the CIO of Montgomery County, Md., since 2007, is known for his candor. Last year he publicly chastised IT vendors for the maintenance fees they've been charging to government entities even though the public sector is plagued by budget pressures. After Emanuel's comments circulated among tech companies, he said many of them bent backward to find compromises. [Read more....](#)

Miscellaneous

Mishandling of Maryland DOT state contracts prompts call for resignation – Republican State Senator E.J. Pipkin called for Transportation Secretary Beverley Swaim-Staley to resign over the audit, which found SHA employees regularly cut corners to extend and execute contracts. Other audit findings suggested ethical lapses and revealed that one former state employee took a private sector job with a company after helping that firm secure a \$16 million government contract. [Read more....](#)

Cooperative purchasing today – Exclusive research by *Government Procurement (Go Pro)* magazine confirms the popularity of cooperative purchasing as a component of the procurement strategy for the vast majority of government entities of all types. Results of *Go Pro's* online survey indicates that 95.2 percent of respondents already use cooperative purchasing, and the outlook is bright for even greater expansion of cooperative contracts in the future. Half of the survey respondents project their entity's use of cooperative contracts will increase in the next three years. [Read more....](#)

Free Advice for Struggling Governments – The Chicago area certainly hasn't been spared the effects of the Great Recession. When Mayor Rahm Emanuel took office in May, he found a hole of more than \$600 million in a \$9 billion budget. When County Board President Toni Preckwinkle took office a year ago, she faced a deficit of nearly \$500 million on a \$3 billion budget. But the county budget that passed in February closed a \$487 million gap, and even included a \$200 million sales-tax rollback that Preckwinkle had promised during her campaign. In November, Emanuel followed suit, signing a balanced city budget. One reason for these successes is the Civic Consulting Alliance, a Chicago-area nonprofit that builds teams that include leading consulting, financial-services, legal, accounting and academic institutions to provide free help to local governments. During fiscal 2011, 385 organizations provided more than \$20 million worth of pro bono services to localities.

Procurement viewpoint: Unleash the wisdom of money managers – The vast majority of procurement professionals in the public sector are spending their time processing purchase orders, executing RFPs (typically manually) and implementing policy changes. Those are important functions, but they are mostly tactical. The goal of more advanced organizations is to have procurement professionals focused on strategic tasks that will save money. By automating the tactical tasks, they free procurement to become a knowledgeable partner, helping the communities they serve by uncovering opportunities to save money. [Read more....](#)