

News You Can Use January 2012

Budgets and the Economy

Mayor: Detroit Won't Run Out of Cash by April – Detroit is no longer at risk of running out of cash by April because cost-cutting and other measures are taking effect, Mayor Dave Bing said, but the city council president and others do not share Bing's optimism. Bing presented a financial and operational restructuring plan update to the council Thursday afternoon. It highlights cost savings from 1,000 imminent layoffs, overdue payments from the Detroit Public Schools district and a corporate tax increase he says will mitigate a cash shortfall. [Read more....](#)

Local Governments Cut 181K Jobs in 2011 – The latest release of unemployment data from the Labor Department shows schools and other local governments continued to slash payrolls in December, capping a year in which an estimated 181,000 jobs were cut. Local governments lost another 14,000 jobs in December, matching similar job losses for the previous month. The new figures come as private sector employment showed further signs of growth. [Read more....](#)

At last, a state budget year when the sky is not falling – During the depths of the Great Recession, states had to do many unsavory things to balance their budgets. But few things left a more bitter taste than Arizona's decision to sell off the office space of its state Capitol complex. It helped lawmakers close a gap in one year's budget, even though it meant taxpayers would essentially have to pay rent on the property for the next two decades. Now, Arizona's budget outlook is showing some improvement: For the first time since 2006, the state finished its last fiscal year with a surplus, which came as a surprise to state financial forecasters. [Read more....](#)

Fiscal Wisdom Among the Razorbacks – Around this time last year, an Arizona State University study concluded that the state's budget deficit, which had been estimated at about \$825 million, was really more like \$2.1 billion. That's quite a hole in an annual operating budget of around \$8.6 billion. One state that has escaped similar problems is Arkansas, whose annual budget of about \$4.5 billion is less than the cuts Gov. Brown may have to make to education alone. Its budgetary success is in no small measure attributable to a unique budgeting process in place since the 1940s. [Read more....](#)

State Support for Higher Education Slumps Again – The news will come as no surprise to the public college administrators and faculty members who've seen their budgets slashed over the past year. But an annual study of state spending on higher education finds that state appropriations for colleges and students sunk by 7.6 percent in 2011-12, the largest such decline in at least a half century. [Read more....](#)

Oregon must plug \$300M deficit – Oregon lawmakers still have more questions than answers about how to fill a \$300 million budget hole. They'll have to find answers in their first-ever constitutional session in an even-numbered year, beginning in February. [Read more....](#)



Not enough cash to finish Illinois state projects, Madigan warns – Democratic House Speaker Michael Madigan warned Tuesday that Illinois' much-hyped public works program may run out of money before all of the promised construction projects can be completed. [Read more....](#)

Procurement Structure

New York poised to make major management changes – Last year, many incoming governors began [tinkering](#) with the structure of the executive branch immediately upon taking office, shuffling and collapsing the agencies under their purview to align with their policy objectives. New York Governor Andrew Cuomo bucked that trend in 2011 but is poised to make up for lost time in 2012 with what is likely to be a major overhaul of state operations. [Read more....](#)

Governor Christie orders complete review of N.J. purchasing laws, public contracting processes – Governor Chris Christie has ordered a complete review of state purchasing laws and the public contracting processes, prompted by a report that showed one in five multimillion dollar purchases made by governments in New Jersey broke the law. He said he intends to simplify the rules, leaving less room for errors and therefore less cover for violations. [Read more....](#)

Miami University Plans Procurement Modernization with Accenture's Support – Accenture is working with Ohio's Miami University on a strategic sourcing initiative to help the University reduce its total cost of goods and services. The five-month engagement began in October 2011, following a six-week spend assessment in which Accenture helped the University identify and prioritize opportunities to lower total costs and improve processes. [Read more....](#)

South Carolina budget board's days may be numbered – In South Carolina, governors aren't really in charge of the state's budget office, procurement office, personnel office or information technology office. Instead, those functions and others are all part of the Budget and Control Board, an independent super-agency. What's different this time is that there are signs that Haley may succeed where others have failed. Haley's proposal is to create a Department of Administration under the governor's command to take over many of the Budget and Control Board's functions. [Read more....](#)

Macomb panel backs new rules on control of contracts – The move is the latest in a months-long power struggle between the board and the County Executive Office over who has the authority to approve bids. The finance committee, which includes all of the commissioners, voted Wednesday for a proposal giving the board the right to review and approve contracts worth more than \$35,000. The board also approved a procurement ordinance to guide purchasing decisions, said board Chairwoman Kathy Vosburg, R-Chesterfield Township. [Read more....](#)

Purchasing Trends

Increased use of purchasing cards in government likely in 2012 – Government user group members within the Minnetonka, Minn.-based National Association of Purchasing Card Professionals (NAPCP) recently shared their views on Purchasing Card (P-Card) use in government in 2012. [Read more....](#)



Weaker version of veteran’s business measure becomes law in New Jersey – A bill directing the state Department of the Treasury to “encourage” military veterans who own businesses to compete for state contracts is now law. Governor Chris Christie recently signed the measure sponsored by state Sen. Christopher Connors and Assemblyman Brian Rumpf and Assemblywoman DiAnne C. Gove, all R-Ocean. [Read more....](#)

Emanuel backs 'ChicagoFirst' bidding preference for local companies – Chicago Mayor [Rahm Emanuel](#) introduced "ChicagoFirst" procurement ordinances today, which create a local manufacturing incentive and expand a bidding preference given to Chicago-based businesses on city contracts. "If everything else is equal, it is in the best interests of Chicago taxpayers to award a contract to a local company that has chosen to run its business here, employ Chicagoans and contribute tax revenue to the city," Emanuel said. [Read more....](#)

McDonnell administration aims to recruit minority businesses – Despite procurement laws and policies that are aimed at recruiting small and minority owned businesses, Jeff Neal said competing with much larger companies that have stronger ties to the government has been challenging. As a minority business owner with a reputable electrical business, Neal said he’s bid for five government contracts, but hasn’t been awarded one yet. [Read more....](#)

City of Chicago Raising Money by Selling Surplus Items Online – he City of Chicago is looking for new and creative ways to raise money and one way it's doing so is by turning to online auctions. The city raised \$3.6 million in 2011 by auctioning off surplus items including old city cars and office equipment and it expects to make even more in 2012. [Read more....](#)

Texas city uncovers inefficiencies and saves money with Lean Six Sigma – Listen to Tommy Gonzalez, city manager of Irving, Texas, discuss how his city has saved more than \$30 million by using Lean Six Sigma. The city implemented Lean Six Sigma in 2007. Gonzalez explains the program and how it works when applied to local government. He outlines the main features of Lean Six Sigma. [Hear more....](#)