

News You Can Use August 2011

Budgets and the Economy

Better than Cutting – Slashing budgets across the board protects the worst spending. There are plenty of far more effective ways to go. Instead of just cutting, we should ask: How can we create the most value with less money? Even better, are there ways to leverage "less money" to actually move our organizations forward? Thank goodness fewer of us are still implementing "fair" across-the-board cuts. They make a hash of priorities and in effect protect the worst spending. What they produce across the board is mediocrity, not fairness. [Read more....](#)

Amid fiscal uncertainty, states prepare for cuts – The stock market's nosedive, the downgrade of the federal government's credit rating and the recently approved congressional debt deal — with its deep cuts in domestic spending — all bode poorly for the states, which are preparing for the likelihood of more fiscal pain in the near future. [Read more....](#)

Washington State government has gotten 7% smaller – For the first time anyone can recall, state government employment has shrunk for two years in a row due to budget cuts, shedding nearly 4,700 full-time jobs since 2009. That's more than 7 percent of the workforce. Most of those who have left the state workforce since fiscal 2009 did so on their own, state figures indicate. About 21 percent of the losses were through layoffs, although that figure varies widely by agency. [Read more....](#)

Emanuel hires firm to find cost-savings in city contracts – Mayor Rahm Emanuel announced today the city will pay a private consulting firm to find cost savings in existing city contracts, a move he hopes could save at least \$25 million by 2013. Accenture LLP has saved other large cities and states millions of dollars, Emanuel said at a news conference. The firm will receive up to 10 percent of the money it saves the city. [Read more....](#)

States' bottom line improves, but can the good news last?—States' 2011 budgets are heading in the right direction as tax revenue increases, new indicators report. But with federal support waning and local demand on programs like Medicaid up, will the good news last? [Read more....](#)

Alabama state agencies cutting 1,100 workers – Alabama's state government is going to have 1,100 fewer employees by this fall due to state budget cuts, the end of federal stimulus funding and different standards of care for the mentally disabled. The state government had more than 37,000 employees when the layoffs started, and they are speeding up as agencies approach the start of the new fiscal year on Oct. 1. Any layoff has an impact on the state's economy because the average salary for a full-time, permanent state employee was \$42,943 as of July 2010, according to the state Personnel Department. [Read more....](#)

State senator signs \$320,000 deal to make Alabama government more efficient – Sen. Del Marsh, the state's top-ranking state senator, has agreed to pay \$320,000 from his office's budget to consultants who are managing a study of ways to make state government more efficient. Marsh said he might extend the one-year contract with Auburn University at Montgomery's Center for Government and Public Affairs before it ends March 31. [Read more....](#)

Purchasing Trends

Michigan names new purchasing chief – The state has hired a private sector procurement executive to head up its purchasing operations. Jeff Brownlee, former vice president of procurement for Webster Financial Corp. in Waterbury, Connecticut, started today as director of the procurement and real estate services administration within the Michigan Department of Technology, Management & Budget. [Read more....](#)

The Messy Politics of Privatization – With most states facing fiscal crises and governors of both parties demonstrating a new willingness to push back against public-employee unions, efforts to privatize state- and local-government service delivery are on the rise. The issue made headlines last week in Florida, where the union representing state corrections officers sued to block [a plan to privatize prisons](#) in 18 south Florida counties, claiming the state had failed to conduct the required cost study to see if the move would save money. [Read more....](#)

Municipal Outsourcing: Do's and Don'ts—There are a variety of ways for municipalities to outsource services. While private-sector outsourcing is often associated with the manufacture of goods in low-cost nations or moving the provision of services offshore, the outsourcing of public services tends to be more local, focusing on service provision by the private sector; by another local, regional or state government; or by a nonprofit agency. Done right, outsourcing can help deliver better services for less. [Read more....](#)

New Pa. website will let taxpayers track see where their money goes – In a time when budget cuts and debt ceilings may make government-spending decisions seem ever more impenetrable, the State of Pennsylvania wants to make it easier for taxpayers to monitor how their tax dollars are being spent. Starting in 2013, individuals will be able to search a single online database to see what the state pays their senator's secretary, or the amount spent to repave a highway, which agency spent it, and who beat out their brother's construction firm for the contract. [Read more....](#)

Overhaul of higher education operation coming – The University of Cincinnati will be a prime candidate to capitalize on a new plan that would exempt Ohio's public universities from dozens of state regulations. The blueprint for "Enterprise Universities," if approved by the Ohio General Assembly, would be the biggest revolution in Ohio public higher education since Gov. Jim Rhodes' campus-building binge of the 1960s and 1970s. [Read more....](#)

Miscellaneous Purchasing and Contracting News

Efforts to repeal 3 percent withholding gather supporters – The 3 percent withholding provision was incorporated into the 2005 Tax Increase Prevention and Reconciliation Act (Section 511) in an attempt to guarantee that individuals and companies with outstanding tax debts do not receive new federal payments. The provision mandates that federal, state and local governments with expenditures of more than \$100 million withhold for tax purposes 3 percent of payments for products and services valued at more than \$10,000. Governments are required to report details of the withholding to the IRS. [Read more....](#)

DuPage County eyes ways to grow greener: recycling, conservation – At the request of DuPage County Board Chairman Dan Cronin, members of the Environmental Commission are working on goals regarding



procurement, reduced energy use, recycling, resource conservation and other measures that stand to shrink the county's carbon footprint. [Read more....](#)

City lacks authority to favor local ad firms – Richmond Mayor Dwight C. Jones is defending his administration's decision to hire a Denver ad agency to brand the city's economic development office but says he wishes that, legally, the search could have been more favorable to area firms. "State law does not allow a locality to award 'bonus points' to local firms. This is a limitation that significantly reduces our flexibility in the contracting process and sometimes hurts local businesses and vendors," Jones wrote in an op-ed column published in today's Richmond Times-Dispatch. [Read more....](#)

Health Industry Group Launches Green Purchasing Program – The health industry is launching a common set of tools to ensure that environmentally preferred products are available and cost-competitive. The tools for purchasers, suppliers and manufacturers are part of the Greening the Supply Chain initiative, launched by industry sustainability association Practice Greenhealth. The group says the program should provoke a sector-wide market shift towards environmentally sound procurement. [Read more....](#)