

Office of the
Legislative Fiscal Analyst

FY 2001 Budget Recommendations

Joint Appropriations Subcommittee for
Capital Facilities and Administration Services

Utah Department of Administrative Services
Division of Purchasing and General Services

Contents:

- 1.0 Summary
- 2.0 Issues
- 3.0 Programs
- 4.0 Additional Information

1.0 Summary: Division of Purchasing and General Services

In 1997, the Legislature reorganized the Department of Administrative Services - merging Central Copying, Central Mail, and Central Stores into the Division of Purchasing. The new division became and the Division of Purchasing and General Services. The procurement function that enables other agencies to contract for goods and services remains a General Fund function. Other programs operate as Internal Service Funds and are considered separately in the ISF section of the budget.

	Analyst FY 2001 Base	Analyst FY 2001 Changes	Analyst FY 2001 Total
Financing			
General Fund	\$1,246,500		\$1,246,500
Dedicated Credits Revenue	\$79,800		\$79,800
Total	<u>\$1,326,300</u>	\$0	<u>\$1,326,300</u>
Programs			
Purchasing and General Services	\$1,326,300		\$1,326,300
Total	<u>\$1,326,300</u>	\$0	<u>\$1,326,300</u>
FTE	24.2		24.2

2.0 Issues:

2.1 Electronic Commerce

The Legislature actively supports the development of electronic commerce – including an enhancement of the way state agencies purchase goods and services.

Electronic Purchasing Services

The mission of the Electronic Purchasing Services is to provide state agencies, local government, school districts and higher education an efficient and effective source of office products and other services to enhance their ability to conduct business. Electronic Purchasing Services has negotiated an office supply contract that saves state agencies from 53 to 75 percent of listed retail price of products bought from the office supply contractor. The contractor has online ordering and standard next day delivery.

Online Bidding

Vendors who wish to do business with the state also have the ability to take advantage of electronic commerce by accessing the Division’s web site at www.purchasing.state.ut.us. Vendors can file online bids, receive RFP updates or changes by email and view final bid tabulations upon contract award. The Division should be complimented for using technology to further open access to taxpayers.

2.2 Fairness in the Procurement Process

One of the most essential tasks of the Division of Purchasing is to ensure that all state bids are conducted in an open and fair manner. The Division provides training and assistance to other state agencies to ensure that every appropriate vendor has an equal opportunity to contract for state work.

Specification Oversight

On occasion state agencies write their own specifications for equipment purchases that are put out to bid. It is vitally important that specifications for equipment relate to performance rather than to brand specific characteristics. In one case this year, the Analyst was made aware of an agency that wrote specifications for a copy machine that essentially listed the features printed on the box of a particular brand. This specification eliminated competition from all other vendors even though other brands would provide the same performance in their machine. When apprised of the situation, the Division of Purchasing took appropriate action to ensure that the specifications were written to measure performance to solicit bids from a number of vendors.

3.0 Programs: Division of Purchasing

3.1 Division of Purchasing

Recommendation

The Analyst base recommendation reflects a reduction for savings in personal services.

	FY 1999	FY 2000	FY 2001	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
General Fund	\$1,217,500	\$1,258,500	\$1,246,500	(\$12,000)
Dedicated Credits Revenue	\$86,700	\$80,000	\$79,800	(\$200)
Beginning Nonlapsing	\$10,100	\$8,400		(\$8,400)
Closing Nonlapsing	(8,400)			
Total	<u>\$1,305,900</u>	<u>\$1,346,900</u>	<u>\$1,326,300</u>	<u>(\$20,600)</u>
Expenditures				
Personal Services	\$1,165,900	\$1,190,700	\$1,178,900	(\$11,800)
In-State Travel	\$2,700	\$2,700	\$2,700	
Out of State Travel	\$2,700	\$5,000	\$5,000	
Current Expense	\$104,500	\$105,100	\$97,500	(\$7,600)
DP Current Expense	30,100	43,400	\$42,200	(\$1,200)
Total	<u>\$1,305,900</u>	<u>\$1,346,900</u>	<u>\$1,326,300</u>	<u>(\$20,600)</u>
FTE	24.5	24.2	24.2	

Purpose

The Division of Purchasing provides a centralized purchasing function for all state agencies. It handles more than \$400 million dollars in purchases, manages 550 statewide contracts, oversees more than 2,000 agency contracts, and processes more than 2,000 requisitions a year.

The Utah Procurement Code (Utah Code 63-56-9) creates a centralized purchasing entity to:

- 1) to ensure that vendors are treated fairly and equitably;
- 2) to provide increased economy in state procurement activities, and
- 3) to foster effective broad-based competition among suppliers.

Dedicated Credits are generated from fees collected from bidders for inclusion on the automated information mailing system. This system automatically solicits bidders on a given commodity. Participation in this program is optional and bids are only mailed to those listed on the system or to those who specifically call and request the bid. Copies of all bids are available for public inspection at the front desk in The Division of Purchasing office.

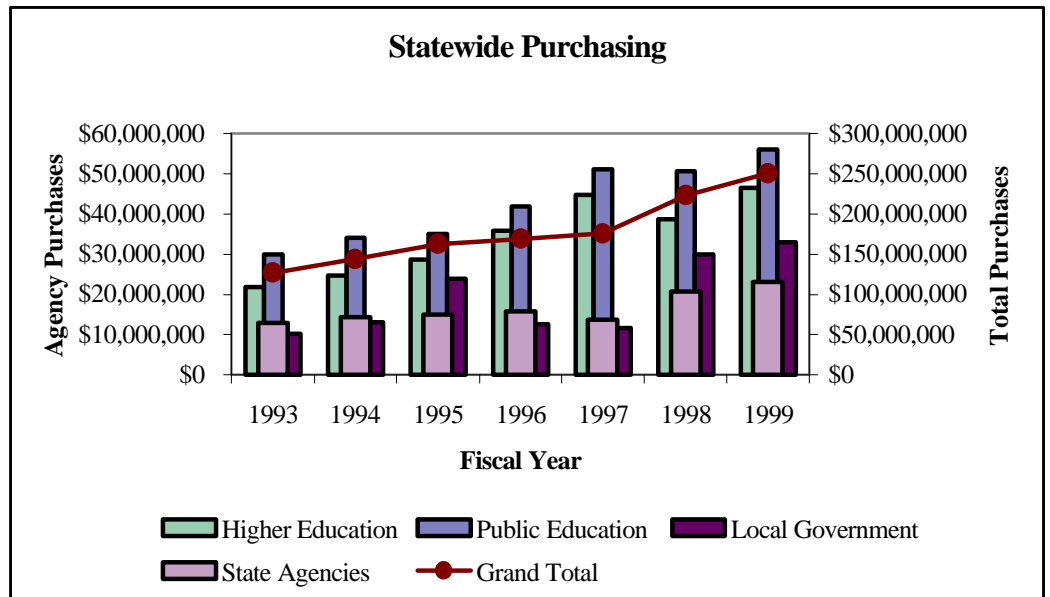
3.2 Electronic Purchasing

The Division makes a concerted effort to implement cooperative purchasing ventures with surrounding states. These ventures have the potential of giving the State greater purchasing leverage and improved pricing:

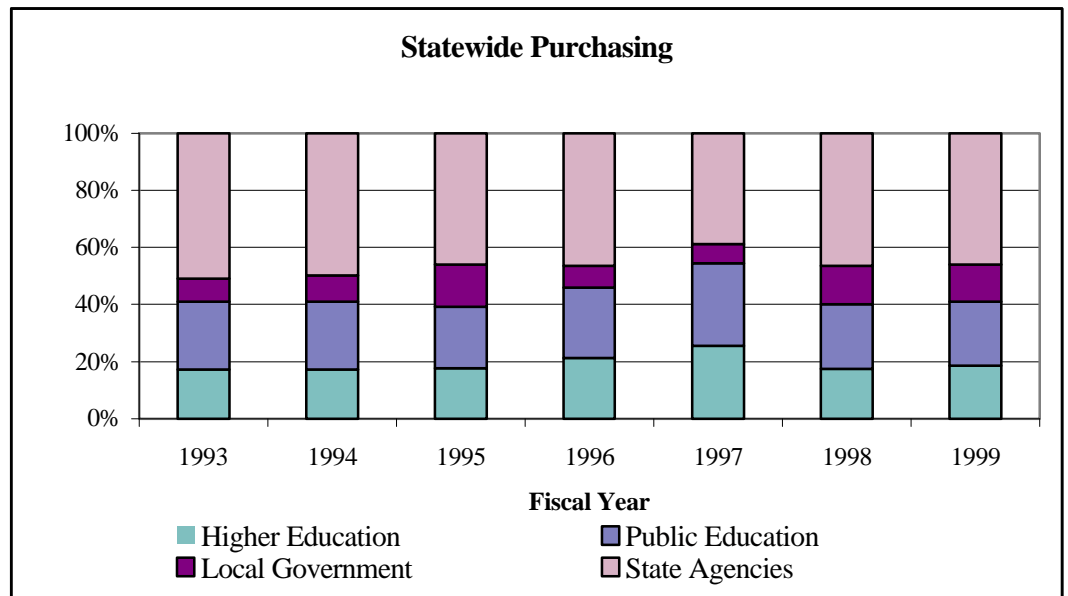
- In FY 1999, the Division of Purchasing implemented a Purchasing Card system that allows agencies to make routine purchases quickly and more efficiently.
- All State bid and RFP solicitations are now available on the Internet. The Division is creating an email notification system that will notify potential suppliers of the procurement electronically, replacing our current paper based system.
- All statewide contracts are available to contract users via the Internet.
- Office supplies can now be ordered electronically over the Internet from our office supply contractor. Delivery is next day on most orders.

Performance Measures

State Purchasing managed over \$330 million in purchases during FY 1999.



State agencies account for half of the purchases made through the Division of Purchasing. Local government numbers fluctuate from irregular patterns of fleet purchases and non-standardized reporting procedures.



4.0 Additional Information: Division of Purchasing

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
	Actual	Actual	Actual	Estimated	Analyst
Financing					
General Fund	\$1,168,400	\$1,185,900	\$1,217,500	\$1,258,500	\$1,246,500
Dedicated Credits Revenue	88,100	93,600	86,700	80,000	\$79,800
Beginning Nonlapsing		16,600	10,100	8,400	
Closing Nonlapsing	(16,600)	(10,100)	(8,400)		
Total	<u>\$1,239,900</u>	<u>\$1,286,000</u>	<u>\$1,305,900</u>	<u>\$1,346,900</u>	<u>\$1,326,300</u>
% Change		3.7%	1.5%	3.1%	-1.5%
Programs					
Purchasing and General Services	<u>\$1,239,900</u>	<u>\$1,286,000</u>	<u>\$1,305,900</u>	<u>\$1,346,900</u>	<u>\$1,326,300</u>
Total	<u>\$1,239,900</u>	<u>\$1,286,000</u>	<u>\$1,305,900</u>	<u>\$1,346,900</u>	<u>\$1,326,300</u>
Expenditures					
Personal Services	\$1,055,500	\$1,094,900	\$1,165,900	\$1,190,700	\$1,178,900
In-State Travel	2,900	1,400	2,700	2,700	\$2,700
Out of State Travel	4,700	6,800	2,700	5,000	\$5,000
Current Expense	118,600	130,500	104,500	105,100	\$97,500
DP Current Expense	58,200	52,400	30,100	43,400	\$42,200
DP Capital Outlay					
Capital Outlay					
Total	<u>\$1,239,900</u>	<u>\$1,286,000</u>	<u>\$1,305,900</u>	<u>\$1,346,900</u>	<u>\$1,326,300</u>
FTE	24.0	24.0	24.5	24.2	24.2