



Oregon

John A. Kitzhaber, MD, Governor

Department of Administrative Services

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DATE: February 28, 2013

TO: House Committee On Consumer Protection and Government Efficiency

FROM: Dianne Lancaster
Chief Procurement Officer
Chief Financial Office - Procurement Policy

SUBJECT: House Bill 2212

INTRODUCTION

For the record, I am Dianne Lancaster, Chief Procurement Officer for Oregon state agencies. State Procurement Policy is part of the Chief Financial Office at the Department of Administrative Services (DAS.)

HB 2212 raises the dollar amount used to classify public procurements for goods and services as "small procurements" under the Public Contracting Code from the current maximum of \$5,000 to a maximum of \$10,000. The measure amends ORS 279B.065 and 279B.070 relating to goods and services procured for non-construction purposes. It affects all state and local government contracting agencies. It does not affect procurements made under ORS 279C (construction).

The current dollar figure, established by legislative enactment in 1997 (Oregon Laws 1997, Chapter 802, Section 8a), has not changed in 16 years. The primary business reason for requesting the increase is to update this dollar amount. To have the same buying power as that \$5,000 in 1997 would require \$7,173.83 (based on US government provided Consumer Price Index (CPI) data as of February 21, 2013).

The second business reason for this increase is to streamline the procurement process for small procurements. A contracting agency may award a small procurement that does not exceed the threshold in any manner the agency deems practical or convenient, including by direct selection or award. A common example is a spot purchase of goods and supplies made by agency maintenance and repair crews.

This measure has widespread support among procurement officers of state and local contracting agencies. A few agencies are represented here today and the Oregon Military Department offers its notes as an attachment to this testimony.¹ Information from these procurement contacts indicates HB 2212 would:

¹ DAS received feedback and information from procurement managers of Departments of Corrections, Education, Employment, Fish & Wildlife, Forestry, Human Services, Health Services, Oregon Youth Authority, Oregon

February 28, 2013

Page 2

- provide agencies more flexibility and efficiency in conducting these small dollar procurements;
- make these procurements easier, faster and less costly to process for both agencies and suppliers;
- provide agencies greater opportunity for contracting with local businesses;
- provide agencies greater opportunity for contracting with MWESB certified firms;
- reduce costs of shipping and delivery, and the resulting environmental impact; and
- help in dealing with critical procurement needs during urgent situations.

This measure does not change the obligation of the agency to provide timely notice and information for contracts valued over \$5,000 to the Advocate for Minority, Women and Emerging Small Business pursuant to ORS 200.035. Cheryl Myers, the Governor's Director of Business Equity is also on hand to provide information.

SUMMARY

In summary, DAS is supportive of HB 2212. Thank you for your time. I would be happy to answer questions.

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Military Department, Department of Parks & Recreation, Oregon State Police, Departments of Transportation, State Lands, Justice, Land Conservation and Development, Energy, Housing & Community Services and the Oregon Medical Board. Local agencies contacted included: Cities of Portland and Gresham; Multnomah, Clackamas and Washington Counties, Tri-Met, Port of Portland, Portland Public Schools and Eugene-Springfield Schools.