

HB1126 HD1

RELATING TO PROCUREMENT.

Requires the state procurement office to establish a database of all government procurement contracts, accessible to each governmental entity. Requires state procurement office oversight of procurement information. Appropriates funds to establish the database. (HB1126 HD1)

DAVID Y. IGE
GOVERNOR



SARAH ALLEN
ADMINISTRATOR

PAULA A. YOUNGLING
ASSISTANT ADMINISTRATOR

**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

P.O. Box 119
Honolulu, Hawaii 96810-0119
Telephone: (808) 587-4700
e-mail: state.procurement.office@hawaii.gov
<http://spo.hawaii.gov>

TESTIMONY
OF
SARAH ALLEN, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE SENATE COMMITTEE
ON
GOVERNMENT OPERATIONS

MARCH 24, 2015, 1:25 p.m.

HOUSE BILL 1126, HD 1
RELATING TO PROCUREMENT

Chair Dela Cruz, Vice-Chair Nishihara, and members of the committee, thank you for the opportunity to submit testimony on HB 1126, HD 1. Among its effects, this measure would establish a Compliance Audit Unit within the State Procurement Office (SPO), which, among other duties, would establish and maintain a database of "meaningful statewide procurement contract data" from each governmental body of the state. The SPO supports transparency and accountability in government contracting. However, without adequate resources SPO must submit testimony in OPPOSITION.

Access to meaningful metrics is vital for decision-making. State Agencies and Departments must have access to business analytics to find effective ways to cut costs and increase efficiencies. An organized, state-wide contracts database could offer that dashboard to both the government and the community. In addition, contractors who are interested in doing business with the state currently have to visit over 40 websites in order to obtain business intelligence as to what current state solicitations are available to their firm. Given adequate resources, SPO recommends creating a "One-Stop Shop" that will "pull" data from the multiple databases (based on mandated fields), and a function that will show corresponding award data. This will greatly ease the burden on the business owner, and allow for analysis to reduce duplication of work.

This measure, however, does not provide the resources necessary for a project of this scope and magnitude which will take several years to complete. The investment required is sizable: including positions and funding for the positions, and the ancillary costs for location, equipment and on-going maintenance costs. As important and valuable as this project is, the SPO has no resources available.

The cost of establishing and maintaining the database and applications, staff for the database function as well as the audit function and funding for the supplies and expenses is estimated between \$2.3 - \$2.5 million for fiscal year 2016 and \$575,000 thereafter.

Thank you.



Email: communications@ulupono.com

SENATE COMMITTEE ON GOVERNMENT OPERATIONS
Tuesday, March 24, 2015 — 1:25 p.m. — Room 414

Ulupono Initiative Strongly Supports HB 1126 HD 1, Relating to Procurement

Dear Chair Dela Cruz, Vice Chair Nishihara, and Members of the Committee:

My name is Brandon Lee and I am a policy and public-private partnership associate of the Ulupono Initiative, a Hawai'i-based impact investment company that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally grown food, increase clean, renewable energy, and waste reduction. We believe that self-sufficiency is essential to our future prosperity, and will help shape a future where economic progress and mission-focused impact can work hand in hand.

Ulupono strongly supports HB 1126 HD 1, which requires the State Procurement Office to establish a database of all government procurement contracts, because it aligns with our goal of providing more locally produced food.

Procurement is one of the major areas where local farmers can obtain large volumes of sales and ultimately grow their businesses. Yet, there are differing policy philosophies to determine the best procurement structure to allow for more locally produced foods to enter into the State's procurement channels. But, there is not an easily searchable procurement database to identify the best procurement policies.

Currently, there are 20+ differing departments with differing procurement processes and criteria. Since different departments have different procurement needs, flexibility is important but standardization is ideal for tracking. In the current procurement database that identifies recipients of procurement contracts, the information is extremely difficult to navigate. At best, I can identify 40,000 different procurement line items across the publicly available database going back roughly 15 years.

Since the database needs a lot of work, it effectively means the State Procurement Office cannot truly identify procurement trends and effectiveness of policies designed to improve procurement. For Ulupono, an agricultural investor, this means as we try to identify the best solution for increasing locally produced foods into the system, we do not know what policies are effective, why they are effective, and what to do in the future. If a database exists, this can re-shape and make procurement much more efficient and effective for many

Investing in a Sustainable Hawai'i

999 Bishop Street, Suite 1202 | Honolulu, Hawai'i 96813 ☎ 808.544.8960 📠 808.432.9695 | www.ulupono.com



issues, not just local food procurement. Over the last 15 years of data, it appears, the State has spent ~\$26.4 billion in procurement contracts. This figure is also grossly low because better data about procurement contracts exist in latter years.

Yet, without better data tracking and analytics, we do not know, nor will we know going forward, if there are better optimization policies and strategies to allow the State to get the most for its money. A more efficient, transparent, and effective State government is predicated on developing a rich and user-friendly database for the State Procurement Office.

While funding for databases is challenging given the State's fiscal situation, with so much money that the State spends on procurement, they should be better able to track where the money is going and why. If not, the State will continue to open itself up to being penny wise and pound-foolish.

Thank you for this opportunity to testify.

Respectfully,

Brandon Lee
Policy and Public-Private Partnership Associate

HAWAII OPERATING ENGINEERS
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March 23, 2012

Honorable Donovan M. Dela Cruz, Chair
Honorable Clarence Nishihara, Vice Chair
And Members of the Committee on Government Operations
415 South Beretania Street, Room 202
Honolulu, HI 96813

RE: Support of HB 1126, HD1 -- Relating to Procurement

Chair Dela Cruz and Members of the Committee,

My name is Kimberly Ribellia, Government Liaison, of the Hawaii Operating Engineers Industry Stabilization Fund (HOEISF), a labor management fund representing 4000 unionized members in heavy engineering site work and 500 general contractors specializing in heavy site and vertical construction.

HOEISF supports House Bill 1126, HD1 which requires the state procurement office to establish a database of all government procurement contracts, accessible to each governmental entity. The bill also requires state procurement office oversight of procurement information and appropriates funds to establish the database.

HOIESF supports the creation of a database of all procurement contracts as a start to consolidate and standardize the procurement system.

Thank you for this opportunity to testify in this matter.

Sincerely,

A handwritten signature in cursive script that reads "Kimberly Ribellia".

Kimberly Ribellia
Government Liaison
HOEISF