Improving Procurement Outcomes: Lessons from US Cities, Counties, and States

> Jeffrey Liebman, Harvard University and NBER May 25, 2022

Contracting is approximately half of government consumption expenditures

Government production function

public goods=F(government employees, goods & services acquired from private sector)

U.S. Federal Government (2019)

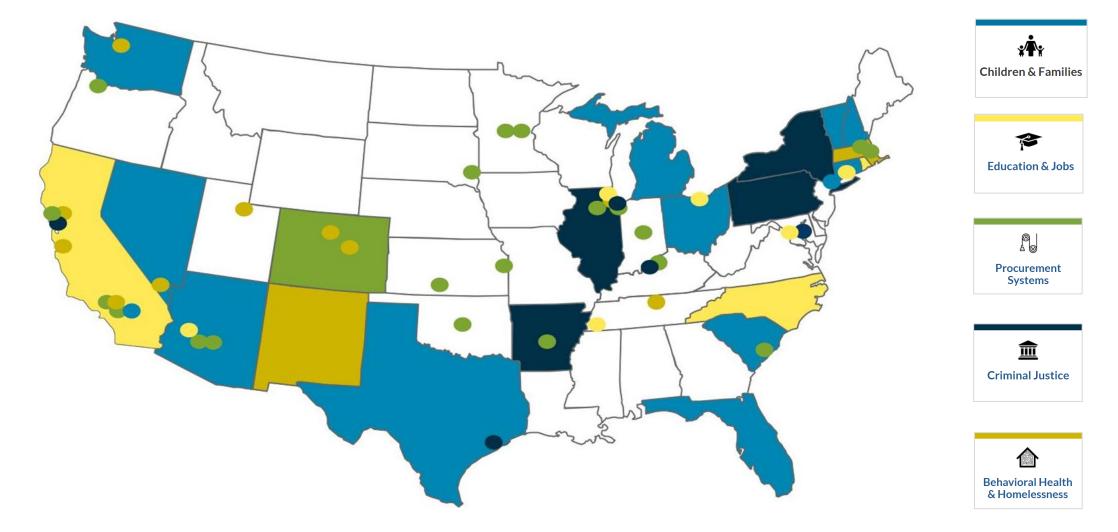
Employee compensation	\$512 billion
Retiree compensation	\$177 billion
Contracting	\$586 billion

Cities

Boston contract spending is 49 percent of budget Fort Worth contract spending is 48 percent of budget

(Liebman and Azemati, How Cities Can Improve Their Procurement of Goods and Services, Manhattan Institute, 2016)







Harris County, TX

It takes deliberate effort to produce competition



St. Paul, MN

Vendors often have solutions government isn't aware of

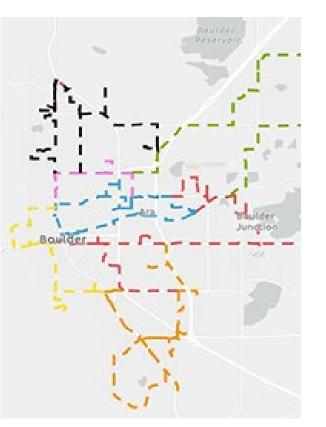
Explain problem, let vendors suggest solutions







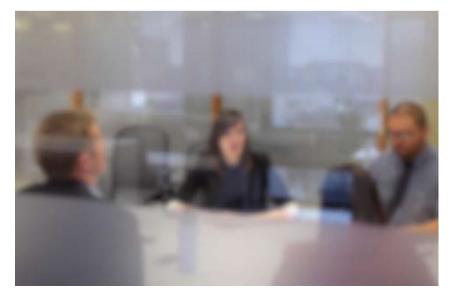
See Sascha Haselmayer article

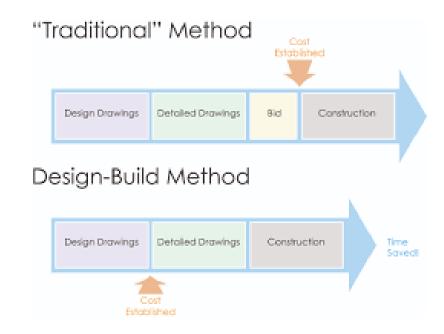




We need better conceptual frameworks on when to consolidate contracts and when to split them apart

BOSTON.GOV DESIGN RFP





The signing of a contract is the beginning not the end of the procurement process





In some contexts, very small performance payments may be all that is necessary





Two components of equity

Equity in who receives contracts



Phoenix, AZ

Equity in service delivery Streets Cabinet Project Prioritization Tool

Data Explorer Map Variable Descriptives Variable Definitions								
Choose a pavement condition range:	Choose a crash type:	Choose an Equity Score:	Choose additional intervention context:	Filter on context vars:				
0	Total Crashes -	0 30	FY20 Capital Proj	No				
			NSS Zone	All				
	Choose a crash range:		GB2030 Complete Streets	Any				
Choose a sidewalk condition range:		Choose a Traffic Score:	Future Bike Lane	Choose road type:				
100			5yr Arterial Plan	Local				
0 10 20 30 40 50 60 70 80 90 100		0 1 2 3 4 5 6 7 8 9 10	Recon Backlog	Collector				
		Observe a Machillán Ossara	Main Street District	Arterial				
		Choose a Mobility Score:	9-Inch Flood Zone School Zone	Public roads only:				
			Bus Route	No				
		0 2 4 6 8 10 12 14 18	10 min Walk to T	Yes				
Show 50 v entries Street Name 🔶 Be	gin Station 🔶 End Station 🖗	Begin Street 🔶 End Street 🔶	PCI 🔶 SCI Left 🔶 SCI Right	♦ MV Crashes ♦				
A St	0 137 D	ORCH1 GOLD 1	75.96 50.00 85.00	2				
A St	137 303 G	OLD 1 WEST 13	75.96 64.00 76.00	7				
A St	303 644 V	VEST 13 WEST 1	75.96 97.00 81.00	12				
A St	644 841 V	/EST 1 ATHEN1	98.66 0.00 100.00	5				
A St	841 1020 A	THEN1 WEST 33	98.66 24.00 55.00	0				
A St	1020 1144 W	VEST 33 WEST 24	98.66 5.00 58.00	5				

Boston, MA

See "Using Procurement to Advance Racial Equity," Harvard Kennedy School Government Performance Lab, April 2022.

Building diverse wealth is possible





See "Maynard Jackson: the Ultimate Champion for Black Business."

Elevating the status of procurement









<u>GPL policy brief</u>

We need better **conceptual frameworks** for incorporating equity considerations into benefit-cost analyses for federally-funded infrastructure projects

The INFRASTRUCTURE INVESTMENT and JOBS ACT

The GPL's Framework for Procurement Excellence

The GPL's Procurement Excellence Framework is a set of strategies designed to help governments use procurement and contracting to achieve better outcomes for residents.

Efficient	Results-Driven	Equitable	Sustainable
Transforms the procurement process to be efficient, inviting, and transparent	Improves the outcomes of contracted programs, products, and services	Invests in equity to improve economic mobility and achieve bette outcomes for marginalized populations	Elevates and resources procurement as a strategic function

To learn more, please visit https://govlab.hks.harvard.edu/



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