

NARROWING THE FOCUS:
ASSESSING OPTIONS FOR IMPROVING PROCUREMENT AND CONTRACTING
IN MONTANA STATE GOVERNMENT

Prepared for the
State Administration, Public Employee Retirement, and Veterans' Issues Interim Committee
by
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INTRODUCTION

Senate Joint Resolution No. 9 (SJR 9), adopted by the 56th Legislature, requested a study of state contracting, particularly large-scale contracts. The study was assigned to the State Administration, Public Employee Retirement, and Veterans' Issues Interim Committee (SAIC). Between June 1999 and March 2000, the SAIC members met five times to discuss issues regarding the law, process, and resources associated with the procurement and delivery of goods and services by Montana state government.

The SAIC first focused its attention on procurement law by reviewing the Montana Procurement Act (Title 18, ch. 4, MCA) and the statutes governing building construction (Title 18, ch. 2, MCA) and highway construction (Title 60, ch. 2, MCA). Subsequently, the SAIC turned its attention to the administration of procurement and contracting within state government, including: administrative rules; in regard to bids and proposals, the processes of solicitation, review, and award; contract management; and contract enforcement.

In conjunction with the examination of Montana law and process, the SAIC also sought insight into the policies and practices of other states' programs for procurement and contracting. The SAIC concentrated on procurement in Massachusetts and Oregon, two states identified as leaders among the states in establishing high quality procurement efforts.

By the SAIC's fifth meeting, in February 2000, a number of issues had gained the attention of the committee's members. The issues had generally been identified under an umbrella of concerns contained in a "top ten" list of issues identified by the Department of Administration's procurement staff, i.e., the staff statutorily responsible for general procurement for state government.

From that list, SAIC staff and staff from the Department of Administration (DOA) constructed issues and options worksheets addressing the issues. Working through the worksheets, the SAIC requested staff to prepare additional information for committee review and action. The information requested was

prepared in two formats: (1) draft legislation (composed initially of six separate bills); and (2) a baker's dozen series of "decision matrixes" that bring additional detail to options within four broad categories: (a) procurement outreach; (b) education and training; (c) DOA staffing; and (d) non-DOA staffing.

The remainder of this staff report provides a framework within which the SAIC members can further consider the issues and options and provide direction to staff. The options identified are neither exhaustive nor exclusive; they are not listed in any order of priority, nor is any option necessarily advocated, supported, or opposed by the DOA or any executive branch agency, although DOA staff have reviewed the options and have indicated conceptual support for at least one option within most of the categories.

OVERVIEW

Statutes and Administrative Rules

To a large extent, evidence compiled through testimony, staff reports, and Committee discussion has resulted in preliminary findings that Montana procurement law is generally sound. Based on a model procurement law first developed in the 1980s, the Montana Procurement Act has been modified periodically to maintain currency, to reflect requirements and restrictions established through case law, and to accommodate policies specific or exclusive to Montana. Issues of law identified so far by the SAIC are mostly limited to matters of confusion/clarity and can be addressed through mostly routine housekeeping-type legislation.

The SAIC has also found that DOA administrative processes developed to implement procurement statutes are also generally sound. These processes include: administrative rules; bid and proposal solicitation practices, evaluation methods, and award protocols; and protest procedures. The same preliminary findings apply generally to the administration of statutes addressing vertical (building) and horizontal (highway/transportation) construction.

At this time, the SAIC has made no findings regarding the administrative processes employed within some of the executive branch agencies, including the Department of Public Health and Human Services (DPHHS), the Department of Corrections (DOC), or the Department of Environmental Quality (DEQ). These three departments are specifically identified here because each has recently been involved in or associated with at least one large-scale, highly visible contract that has gained the attention of legislators, the media, and the public at large. While the SAIC will continue to investigate state contracting pursuant to SJR 9, it may ultimately be the case that further attention must be brought to bear in other executive branch agencies during the next legislative interim.

Procurement Outreach

The DOA has told the SAIC that the state's efforts to contact and interact with current and potential vendors could be and perhaps should be expanded. The current effort is limited to publishing a procurement handbook and responding to individual inquiries.

The SAIC has made a preliminary finding that the more successful state procurement programs engage in wider and more intense procurement outreach than does Montana. In large measure, these other states' outreach efforts have greater resources (staff and financial) than Montana and are aimed at implementing state policies that openly value outreach. Vendor fairs and buyers' conferences are regular venues for state procurement officials to interact with existing and potential vendors. Stand-alone conferences at which state procurement officials actively provide information on the state's needs for goods and services and on the best ways to obtain state contracts also address the need. (Notably, staff of the Montana Department of Transportation indicate that they regularly conduct outreach activities with contractors and that the activities are viewed as highly valuable by both the contractors and the MDT.) In order for Montana procurement officials to more proactively engage with vendors, additional resources are necessary.

Education and Training

The cornerstone of a highly competent and professional procurement, management, and enforcement contingent is a staff that is trained in the science and art of procurement, contract management, and contract law.

The SAIC has found that procurement officials in some other states and often in the private sector are encouraged and rewarded for obtaining specialized training and education. Both the National Institute on Governmental Purchasing (NIGP) and the National Contract Management Association (NCMA), among other groups, have certification programs for procurement officers and contract managers. These types of certifications (or others that are analogous) are sometimes required of purchasing or contract management specialists. For many of those who are certified there are often rewards of higher pay, opportunities for advancement, or prospects in other environments.

In Montana, most procurement officers, at least those within the DOA, either do not have or have not kept current any type of certification.¹ Instead, their competency has been gained through on-the-job training, experience, and periodic training on new requirements and restrictions within the procurement environment.

Contract *management* seems to be nearly an afterthought (outside of building and highway construction) as the monitoring and oversight of services, in particular, that are outsourced typically falls

¹ Both building and highway construction contracts are monitored by staff who usually have some training in contract management.

to field staff, program staff, or program managers. Preliminary findings of the Committee suggest that the state's project managers (again excepting building and highway construction) rarely have project management certification and little project management training. It is fairly common for field staff or project professionals to be assigned monitoring duties -- nearly always *in addition to* their regular assignments rather than *instead of* regular assignments. The practice of assigning additional responsibilities for which little or no training is required or provided is an indicator of less than optimal circumstances.

The SAIC's findings relative to contract enforcement are virtually parallel to its findings regarding contract management: the responsibilities are typically handled by someone already tasked with other duties and who may not be sufficiently trained in the arts of contract language development or, when necessary, litigation.

Academics who have studied public contracting, particularly contracts for services, have frequently found contract management and contract enforcement to be deficient or even nonexistent. At the federal level, the Government Accounting Office has noted repeatedly that effective contract management and enforcement are essential but often neglected components of federal contracts. At the state level, the Legislative Audit Division has previously identified numerous deficiencies in goods or services contracted for by the state and has attributed the deficiencies as much to a lack of contract management and enforcement as anything else.²

Simply put, contracts are not self executing. For the vendor and for the state (purchaser) someone has to be made responsible for ensuring that the goods or services purchased and provided are actually delivered per the contract and, if not, authorized to do something about the problem. The SAIC has initially found that the Executive Branch must identify and communicate the levels and types of resources -- people and money -- that are necessary to successful outsourcing by contracts. Simultaneously, the Legislature must evaluate the resources requested and, through the balancing act that is legislating, provide adequate support.

Department of Administration Staffing

Within the context of procurement, contract management, and contract enforcement only, testimony before the SAIC reveals that the DOA believes that additional staff are necessary to ensuring an efficient and effective procurement program, including contracting for which the DOA is responsible. In each of the three areas -- procurement, management, and enforcement -- the DOA sees a need for more staff. The SAIC, as well, has initially found that sufficient need exists to have requested staff to provide

² It is important to recognize that there are vast differences between contracting for goods or commodities, e.g., xerox paper or motor pool vehicles, and services, particularly highly complex services, e.g., incarceration of convicted felons, treatment of indigent mentally ill, or development or adaptation of computer software, among others.

additional information on proposed staffing levels and the associated costs. The material in the pages that follow provides information in that regard. However, the SAIC must refine its policy goals further so that staffing levels, etc. can be matched to produce the desired policy outcomes.

Non-Department of Administration Staffing

As with the DOA, testimony provided by DOT staff has suggested that additional staff would ease the workload and should enhance the quality of procurements and contract management. Other departments, including DPHHS, DOC, and DEQ, as well as the Office of Budget and Program Planning (OBPP) have not commented to the SAIC. The staff to the SAIC will continue to seek information regarding these issues. Thus, although this is a key issue, the SAIC has not determined whether or not staffing is adequate, excessive, or deficient in non-DOA departments.

CONCLUSION

Montanans expect and deserve public goods and services to be delivered efficiently and effectively, irrespective of the source provider of the goods or services. The delivery of state public services is increasingly dependent upon contractual relationships between Montana state government and a myriad of vendors. It is incumbent upon the Executive Branch to identify the resources needed to ensure the delivery of state public services. Similarly, it is necessary for the Legislature to evaluate and, ultimately, decide the appropriate level of resources.

The material that follows provides a framework within which the SAIC and others can discuss the various issues and options identified so far with respect to state procurement and contracting. Aside from the mechanisms used to make decisions, a clear definition of desired policy outcomes will help to ensure that options developed or implemented in pursuit of the policy goals are appropriate in nature and scope.

**PROCUREMENT OUTREACH
STATE/VENDOR INTERACTION -- DECISION MATRIX**

Issue: The procurement process is becoming increasingly complex. Many businesses are not aware of how to do business with the State or do not understand the State's approach to solicitation and contract awards. Further, transactions between the State and veteran or prospective vendors can always be improved.

Preliminary Committee Findings: The SAIC finds that the most successful state procurement programs include efforts by the state to foster existing and cultivate new relationships with vendors. Outreach programs in some states may include such initiatives as: instructive brochures and videos; training sessions at high profile buyers' conferences and vendor fairs; regional or local training sessions; and telephone or Internet contact sites. Montana's general procurement program, through the Department of Administration, is minimal. A "Vendor Handbook" on how to do business with the state is available, as are state procurement staff. Formal, structured seminars on doing business with the state are beyond the scope of current outreach efforts, due primarily to a lack of (funding and staff) resources.

With expectations and competition allowing or, in some cases, compelling adoption of technology in the procurement and delivery of goods and services, many private and public entities are establishing "e-transaction" capabilities. Vendors and public agency consumers can both benefit through practical, financial, and time efficiencies by employing technological alternatives. Current resources available to the Department of Administration and some other state agencies are insufficient to develop and employ technology in many procurement and contract transactions. Agencies that have necessary and sufficient resources, such as the Department of Transportation, have developed and employed technological alternatives, with considerable success reported by both vendors and the agency.

Preliminary Committee Action: The Committee requested staff to prepare an outreach program outline, including cost estimates. The options described below address the outreach component of formalized interaction between the state and vendors. Subsequent decision matrices address adapting technology to notification, bid submission and award, and accounting transactions.

Option A	Option B	Option C	Option D	Discussion/Action
<p>Pattern an outreach initiative after the Oregon Partners in Purchasing program. Essentially piggyback state interaction onto a statewide, high-participation, high-profile buyers' conference or vendors' fair.</p> <p>Estimated cost:</p>	<p>Piggyback state interaction onto regional buyers' conferences or vendors' fairs.</p> <p>Estimated cost: \$5,000 to \$7,000</p>	<p>Design and implement an annual program, centrally located, to engage current and potential vendors. Targets of effort would include: small businesses; small purchases by state; Montana businesses; smaller towns and rural areas.</p> <p>Estimated cost: \$25,000 to \$30,000</p>	<p>Design and implement a traveling outreach program to engage current and potential vendors. Venues would be regional sites and effort would be periodic and on-going. Targets of effort would include: small businesses; small purchases by state; Montana businesses; smaller towns and rural areas.</p> <p>Estimated cost: \$30,000 to \$35,000</p>	

PROCUREMENT OUTREACH

AUTOMATIC NOTIFICATION TO VENDORS -- DECISION MATRIX

Preliminary Committee Findings: The SAIC finds that many vendors, particularly Montana-resident, small business vendors, believe that the State can and should increase efforts to disseminate notification to vendors of contract opportunities. A number of vendors has suggested that the state could individually and specifically notify all interested vendors by using technology. The technology exists to provide such notification, but funding is unavailable to the Department of Administration, and perhaps some other departments, to implement this type of notification.

Option A	Option B	Option C	Option D	Discussion/Action
<p>Establish automatic notification of vendors by Internet e-mail. Participating vendors would be billed for the cost of the service.</p> <p>Estimated cost: \$45,000 initial purchase \$1,500 annual maintenance</p> <p>Cost recovery: \$50 per year per vendor or \$5 per notification</p>	<p>Establish notification of vendors by FAX. Participating vendors would be billed for the cost of the service.</p> <p>Estimated cost: No estimate (The option may be cost prohibitive due to long distance phone charges)</p>			

PROCUREMENT OUTREACH
TECHNOLOGICAL ADAPTATION OF INTERNET FOR BIDDING -- DECISION MATRIX

Preliminary Committee Findings: The SAIC finds that the Internet provides substantial opportunities for the submission and award of bids or proposals submitted in response to requests for proposals (RFP). A number of states and many private entities currently employ Internet technology in procurement transactions. The technology exists to accommodate bid/proposal submission and awards, but funding is unavailable to the Department of Administration, and perhaps some other departments, to implement these types of procurement transactions.

Option A	Option B	Option C	Option D	Discussion/Action
<p>Develop and deploy systems to allow the submission of bids and proposals over the Internet.</p> <p>Estimated cost: as a component of Internet notification under Procurement Outreach #2, there is no additional cost</p>	<p>Develop and deploy systems to allow bid award over the Internet.</p> <p>Estimated cost: as a component of Internet notification under Procurement Outreach #2, there is no additional cost</p>			

PROCUREMENT OUTREACH

TECHNOLOGICAL ADAPTATION OF INTERNET FOR CONTRACT ACCOUNTING -- DECISION MATRIX

Preliminary Committee Findings: The SAIC finds that the Internet provides substantial opportunities for contract accounting. A number of states and many private entities currently employ Internet technology in accounting for procurement transactions. The technology exists to accommodate on-line accounting, but funding is unavailable to the Department of Administration, and perhaps some other departments, to implement these types of procurement transactions.

Option A	Option B	Option C	Option D	Discussion/Action
<p>Develop and deploy systems to allow the submission of claims over the Internet.</p> <p>Estimated cost: as a component of Internet notification under Procurement Outreach #2, there is no additional cost, <i>unless encryption/authorization for security is additional</i></p>	<p>Develop and deploy systems to allow the payment of claims over the Internet.</p> <p>Estimated cost: as a component of Internet notification under Procurement Outreach #2, there is no additional cost, <i>unless encryption/authorization for security is additional</i></p>	<p>Develop and deploy systems to allow for both the submission and payment of claims over the Internet.</p> <p>Estimated cost: as a component of Internet notification under Procurement Outreach #2, there is no additional cost, <i>unless encryption/authorization for security is additional</i></p>		

**EDUCATION AND TRAINING
CONTRACTS OFFICERS AND ASSISTANTS -- DECISION MATRIX**

Issue: Procurement is becoming increasingly complex. The nature, scope, size, visibility, and risk of procurements are also increasing. Procurement officials and contract administrators need on-going thorough training to ensure the state's best interests by producing and monitoring effective contracts. Current funding is insufficient to provide specific procurement and contract training.

Preliminary Committee Findings: The SAIC finds that some highly-regarded state procurement programs include highly-trained procurement officers, contract managers, and contract attorneys. Several states have well-developed, state-specific certification programs for procurement staff, while others rely more on national certification or a combination of national certification and state-specific training. The literature, including audit reports from within Montana (Legislative Audit Division or LFD) and from the federal Government Accounting Office (GAO) suggests that diligent program management and consistent contract enforcement are necessary to successful contracting programs.

Preliminary Committee Action: The Committee requested staff to prepare an outline of education and training program for procurement staff, contract managers, and contract enforcement personnel. The options described below address training alternatives for state procurement officials. The decision matrices on subsequent pages address the training and education alternatives for contract managers and contract enforcement personnel (attorneys).

Option A	Option B	Option C	Option D	Discussion/Action
<p>Employ national certification program as competency indicator for certain decisions regarding hiring or retention as a contracts officer or assistant. A current employee who obtains certification would be reimbursed for costs up to \$500.</p> <p>Estimated cost: \$7,500 (15 employees at \$500 each)</p>	<p>Develop and employ a state certification program as competency indicator for certain decisions regarding hiring or retention as a contracts officer or assistant. The program would require ± 1/2 FTE to develop, maintain, and teach material.</p> <p>Estimated cost: \$25,000 to \$30,000</p>	<p>Employ national <i>and</i> develop and employ a state certification program as competency indicator for certain decisions regarding hiring or retention as a contracts officer or assistant.</p> <p>Estimated cost: \$32,500 to \$37,500 (costs of Options A and B)</p>	<p>Develop and implement a continuing education and training program as a competency indicator for certain decisions regarding hiring or retention as a contracts officer or assistant.</p> <p>Estimated cost: the costs of this option are presumed under the cost structure identified in Option B. This program would not stand alone.</p>	

**EDUCATION AND TRAINING
CONTRACT MANAGERS -- DECISION MATRIX**

Preliminary Committee Findings: Contract management varies among jurisdictions, public and private, but is essential to highly successful contracting programs, public or private. In Montana state government, contract management is ostensibly provided by the contracting entity. Information provided by the Montana Legislative Audit Division regarding contract management in Montana is parallel to information disseminated by the General Accounting Office with regard to a range of federal contracts: it leaves something to be desired. Outside of vertical (building) and horizontal (highway) construction, deficiencies in contract monitoring may be attributed in large part to a lack of qualified personnel, (although neither the LFD nor the GAO documented it as causal and there is only anecdotal evidence to support the contention). Some, perhaps most, contracting entities, excepting the Department of Transportation and the Architecture and Engineering Division in the Department of Administration, rely on program staff to manage and monitor contracts. That in itself may not be problematic. However, many program staff are not trained in effective contract management techniques. Furthermore, to the extent that program staff are tasked with other work assignments, especially direct service delivery, contract management responsibilities seem to have a lower priority.

Option A	Option B	Option C	Option D	Discussion/Action
<p>Employ national certification program as competency indicator for certain decisions regarding hiring or retention as a contract manager.</p> <p>Estimated cost: \$7,500 (15 employees at \$500 each)</p>	<p>Develop and employ a state certification program as competency indicator for certain decisions regarding hiring or retention as a contract manager.</p> <p>Estimated cost: \$25,000 to \$30,000</p>	<p>Employ national <i>and</i> develop and employ a state certification program as competency indicator for certain decisions regarding hiring or retention as a contract manager.</p> <p>Estimated cost: \$32,500 to \$37,500 (costs of Options A and B)</p>	<p>Develop and implement a continuing education and training program as a competency indicator for certain decisions regarding hiring or retention as a contract manager.</p> <p>Estimated cost: the costs of this option are presumed under the cost structure identified in Option B. This program would not stand alone.</p>	

**EDUCATION AND TRAINING
CONTRACT ENFORCEMENT/ATTORNEYS -- DECISION MATRIX**

Preliminary Committee Findings: Contract enforcement is in many ways quite similar to and integrated with contract management. Each requires a specialized skill set, typically acquired through advanced education or training and accompanied by continuing, in-service education and training. Contract management will likely fail without strong contract enforcement and contract enforcement cannot succeed without skilled contract management (and both contract managers and attorneys depend on skilled and competent procurement personnel). For the most part, attorneys inevitably are the individuals responsible for enforcing state contracts. As a specialized discipline within the legal profession, contract law has its own set of rules, conventions, and traditions, but few "contract attorneys" are employed by the state.. (Every licensed attorney has likely had some training in "contracts" in ways similar to every licensed physician who has likely had some training in the circulatory system. However, not every physician is a cardiologist, nor is every lawyer fluent in contract law.) Also running parallel to contract management issues is the postulate that departmental attorneys typically have duties aside from contract enforcement, ranging from personnel issues to the promulgation of rules and the interpretation of federal guidelines.

Option A	Option B	Option C	Option D	Discussion/Action
<p>Design and implement a program of contract enforcement that relies on contract-speciality attorneys to consult on (front loaded) and strictly enforce (litigate) contracts between the DOA and vendors. The program would be used as a competency indicator for certain decisions regarding hiring or retention as a contract enforcement specialist (attorney).</p> <p>Estimated cost: \$193,000 to \$235,000 (4 attorneys @ G 18)</p>	<p>Design and implement a continuing education and training program for contract enforcement staff to be used as a competency indicator for certain decisions regarding hiring or retention as a contract enforcement specialist (attorney).</p> <p>Estimated cost: \$1,500 to \$20,000 (4 staff @ \$375 - \$5K each)</p>			

STAFFING FOR PROCUREMENT AND CONTRACTING
PROCUREMENT STAFFING IN THE DEPARTMENT OF ADMINISTRATION -- DECISION MATRIX

Issue: As procurement increases in complexity and as outsourcing increases as a means of providing public services through private vendors, current staffing levels are likely to be inadequate. Without sufficient numbers of qualified procurement staff, corners will be cut and errors, some significant but possibly avoidable, will occur.

Preliminary Committee Findings: The Department of Administration's Procurement Bureau currently has eight contract officers and assistants, down from 12 a decade ago. Other state departments, notably the Department of Transportation and the Department of Public Health and Human Services, have sizable numbers of staff devoted to procurement, contract management, and contract enforcement, yet testimony and recent evidence suggests that staffing levels or qualifications, or both, may be inadequate. It is unclear within other departments whether or not staffing for procurement and contract management or enforcement is adequate.

Preliminary Committee Action: The Committee requested staff to identify staffing resources determined by Executive Branch managers to be necessary and sufficient. In conjunction with staffing levels, the Committee also requested the estimated costs of appropriate staff resource levels. The following options address staffing levels for the procurement program within the Department of Administration's Printing and Procurement Division. Subsequent decision matrices address staffing levels for contract managers and contract enforcement staff (attorneys).

Option A	Option B	Option C	Option D	Discussion/Action
<p>In addition to current staff, authorize and fund one additional DOA contract officer and one additional DOA contract assistant for the FY 2002-03 biennium.</p> <p>Estimated cost: FY 2002: \$70,000 to \$75,000 FY 2003: \$70,000 to \$75,000</p>	<p>In addition to current staff, authorize and fund two additional DOA contract officers and one additional DOA contract assistant for the FY 2002-03 biennium.</p> <p>Estimated cost: FY 2002:\$115,000 to \$120,000 FY 2003:\$115,000 to \$120,000</p>	<p>In addition to current staff, authorize and fund two additional DOA contract officers and one additional DOA contract assistant for FY 2002. For FY 2003, authorize and fund one additional DOA contract officer (above FY 2002 level).</p> <p>Estimated cost: FY 2002:\$115,000 to \$120,000 FY 2003:\$155,000 to \$160,000</p>		

STAFFING FOR PROCUREMENT AND CONTRACTING
CONTRACT MANAGEMENT STAFFING IN THE DEPARTMENT OF ADMINISTRATION -- DECISION MATRIX

Preliminary Committee Findings: The Department of Administration relies on program personnel to act as contract managers. This is perhaps most evident in the Architecture and Engineering Division, but is also evident in the Personnel Division and elsewhere. Limited contract management, including monitoring and quality assurance, elevates the possibility that the Department's contracts may not be as beneficial as possible.

Option A	Option B	Option C	Option D	Discussion/Action
<p>In addition to current staff, authorize and fund one contract manager for the FY 2002-03 biennium.</p> <p>Estimated cost: FY 2002: \$45,000 to \$50,000 FY 2002: \$45,000 to \$50,000</p>	<p>In addition to current staff, authorize and fund one contract manager for FY 2002. For FY 2003, authorize and fund one additional contract manager (above FY 2002 level).</p> <p>Estimated cost: FY 2002: \$45,000 to \$50,000 FY 2003: \$90,000 to \$100,000</p>			

STAFFING FOR PROCUREMENT AND CONTRACTING
CONTRACT ENFORCEMENT STAFFING IN THE DEPARTMENT OF ADMINISTRATION -- DECISION MATRIX

Preliminary Committee Findings: The Department of Administration relies on in-house staff attorneys and outside counsel to act as contract attorneys (drafters and litigators). Limited numbers of in-house attorneys and even more limited numbers of in-house attorneys with contract specialty increases the possibility that the Department's contracts may be drafted without adequate legal consideration or not strictly enforced, or both. Lack of budget authority for engaging outside counsel for these services precludes the outsourcing alternative and may exacerbate the situation (particularly if in-house attorneys choose to negotiate away differences with vendors rather than subject the Department or staff to litigation and the possible media scrutiny and financial exposure it could entail.)

Option A	Option B	Option C	Option D	Discussion/Action
<p>In addition to current staff, authorize and fund one contract-specialist attorney for the FY 2002-03 biennium.</p> <p>Estimated cost: FY 2002: \$48,000 to \$59,000 FY 2003: \$48,000 to \$59,000</p>	<p>In addition to current staff, authorize and fund one contract-specialist attorney for FY 2002. For FY 2003, authorize and fund one additional contract-specialist attorney (above FY 2002 level).</p> <p>Estimated cost: FY 2002: \$48,000 to \$59,000 FY 2003: \$96,000 to \$118,000</p>	<p>Institute, within the Department of Administration or the Department of Justice (Attorney General's Office), a "Contracts Division or Bureau". Staff attorneys of the Contracts Division would be contract law specialists and would focus on contract drafting and enforcement (litigation).</p> <p>Estimated cost: FY 2002: \$48,000 to \$59,000 FY 2003: \$96,000 to \$118,000</p>		

STAFFING FOR PROCUREMENT AND CONTRACTING
PROCUREMENT STAFFING IN NON-DEPARTMENT OF ADMINISTRATION AGENCIES -- DECISION MATRIX

Issue: As procurement increases in complexity and as outsourcing increases as a means of providing public services through private vendors, current staffing levels are likely to be inadequate. Without sufficient numbers of qualified procurement staff, corners will be cut and errors, some significant but possibly avoidable, will occur.

Preliminary Committee Findings: An adequate number of trained procurement and contract professionals is essential to an effective contracting program. Current numbers of procurement officers and assistants within executive departments are unknown but are probably available (if somewhat difficult to identify). It is unclear whether or not staffing for procurement and contract management or enforcement is adequate.

Preliminary Committee Action: The Committee requested staff to identify staffing resources determined by Executive Branch managers to be necessary and sufficient. In conjunction with staffing levels, the Committee also requested the estimated costs of appropriate staff resource levels. The following options address staffing levels for procurement programs outside the Department of Administration. Subsequent decision matrices address staffing levels for contract managers and contract enforcement staff (attorneys) in non-DOA departments.

Option A	Option B	Option C	Option D	Discussion/Action
<p>Request the Department of Public Health and Human Services, the Department of Corrections, and the Department of Environmental Quality to assess the ongoing need for procurement staff within their respective agencies and to report to the SAIC prior to May 15, 2000, on any differences between the ongoing need and current availability of staff.</p> <p>Estimated cost: The cost cannot be estimated until the analysis is completed. The cost of a contract officer (G. 15) is ± \$37K - \$45K; for a contract asst. (G. 10) \$24K - \$29K</p>	<p>Request the Department of Administration to assess the ongoing need for procurement staff within other (non-DOA) agencies and to report to the SAIC prior to May 15, 2000, on any differences between the ongoing need and current availability of staff.</p> <p>Estimated cost: see under Option A</p>	<p>Request all Executive Branch departments to assess the ongoing need for procurement staff within their respective agencies and to report to the Office of Budget and Program Planning and the SAIC prior to May 15, 2000, on any differences between the ongoing need and current availability of staff.</p> <p>Estimated cost: see under Option A</p>	<p>Contract with a private consultant to assess the ongoing need for procurement staff within the respective Executive Branch agencies and to report to the SAIC on any differences between the ongoing need and current availability of staff. (Alternatively, request the Legislative Audit Division and the Legislative Finance Division to make the assessment.)</p> <p>Estimated cost: see under Option A</p>	

STAFFING FOR PROCUREMENT AND CONTRACTING

CONTRACT MANAGEMENT STAFFING IN NON-DEPARTMENT OF ADMINISTRATION AGENCIES -- DECISION MATRIX

Preliminary Committee Findings: An adequate number of qualified contract managers is essential to an effective contracting program. Current numbers of contract managers within executive departments are unknown but are probably available (if somewhat difficult to identify). It is unclear whether or not staffing for contract management is adequate.

Option A	Option B	Option C	Option D	Discussion/Action
<p>Request the Department of Public Health and Human Services, the Department of Corrections, and the Department of Environmental Quality to assess the ongoing need for contract management staff within their respective agencies and to report to the SAIC on any differences between the ongoing need and current availability of contract management staff.</p> <p>Estimated cost: The cost cannot be estimated until the analysis is completed. The cost of a contract manager (G. 15) is ± \$37K - \$45K</p>	<p>Request the Department of Administration to assess the ongoing need for contract management staff within other (non-DOA) agencies and to report to the SAIC on any differences between the ongoing need and current availability of contract management staff.</p> <p>Estimated cost: see under Option A</p>	<p>Request all Executive Branch departments to assess the ongoing need for contract management staff within their respective agencies and to report to the SAIC on any differences between the ongoing need and current availability of contract management staff.</p> <p>Estimated cost: see under Option A</p>	<p>Contract with a private consultant to assess the ongoing need for contract management staff within the respective Executive Branch agencies and to report to the SAIC on any differences between the ongoing need and current availability of staff. (Alternatively, request the Legislative Audit Division and the Legislative Finance Division to make the assessment.)</p> <p>Estimated cost: see under Option A</p>	

STAFFING FOR PROCUREMENT AND CONTRACTING

CONTRACT ENFORCEMENT STAFFING IN NON-DEPARTMENT OF ADMINISTRATION AGENCIES -- DECISION MATRIX

Preliminary Committee Findings: An adequate number of qualified contract enforcement staff (attorneys) is essential to an effective contracting program. Current numbers of contract enforcement staff (attorneys) within executive departments are unknown but are probably available (if somewhat difficult to identify). It is unclear whether or not staffing for contract enforcement staff (attorneys) is adequate.

Option A	Option B	Option C	Option D	Discussion/Action
<p>Request the Department of Public Health and Human Services, the Department of Corrections, and the Department of Environmental Quality to assess the ongoing need for contract enforcement (attorney) staff within their respective agencies and to report to the SAIC on any differences between the ongoing need and current availability of contract enforcement (attorney) staff. Note wherever outside counsel is employed and the cost and time involved, by individual case and in the aggregate.</p> <p>Estimated cost: The cost cannot be estimated until the analysis is completed. The cost of a contract attorney (G. 18) is ± \$48K - \$59K</p>	<p>Request the Department of Administration to assess the ongoing need for contract enforcement (attorney) staff within other (non-DOA) agencies and to report to the SAIC on any differences between the ongoing need and current availability of contract enforcement (attorney) staff. Note wherever outside counsel is employed and the cost and time involved, by individual case and in the aggregate.</p> <p>Estimated cost: see under Option A</p>	<p>Request all Executive Branch departments to assess the ongoing need for contract enforcement (attorney) staff within their respective agencies and to report to the SAIC on any differences between the ongoing need and current availability of contract enforcement (attorney) staff. Note wherever outside counsel is employed and the cost and time involved, by individual case and in the aggregate.</p> <p>Estimated cost: see under Option A</p>	<p>Contract with a private consultant to jointly assess the ongoing need for contract enforcement (attorney) staff within the respective Executive Branch agencies and to report to the SAIC on any differences between the ongoing need and current availability of contract enforcement (attorney) staff. Note wherever outside counsel is employed and the cost and time involved, by individual case and in the aggregate. (Alternatively, request the Legislative Audit Division and the Legislative Finance Division to make the assessment.)</p> <p>Estimated cost: see under Option A</p>	

NARROWING THE FOCUS:

ASSESSING OPTIONS FOR IMPROVING PROCUREMENT AND CONTRACTING
IN MONTANA STATE GOVERNMENT

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