

**TESTIMONY AS PREPARED FOR THE  
INTERIM COMMITTEE ON LONG TERM FISCAL STABILITY  
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Good afternoon, Mr. Chairman and Members of the Committee. My name is Adrienne Benavidez and I work in the Department of Personnel & Administration (DPA) as the Director of the Division of Finance and Procurement.

Thank you for the invitation to present information on State Procurement. Per your request, I will present an overview of the State's Procurement processes and provide a brief description of what the State purchases as well as information regarding the dollars spent by the State through procurements.

**PURCHASING PROCESS:**

The State Procurement Code (CRS §§ 24-101-101 through 24-114-103) provides that the Executive Director of DPA is authorized to "(p)rocure or supervise the procurement of all supplies and services needed by the state", with certain exceptions. The primary exceptions include road and bridge construction, grants, and purchases by institutions of higher education that have formally sought and received exemption from the Code, and purchases by an elected official unless he/she has obtained a delegation from the DPA Executive Director.

The state utilizes a decentralized system of procurement. Agencies obtain authorization to conduct their own acquisitions through a delegation from the DPA Executive Director. Currently, thirty-four (34) agencies and/or departments have obtained a Group II delegation that permits them to perform all procurement functions. Eleven (11) agencies have a limited Group I delegation which permits them to perform most procurement functions except for the most complex solicitations. Those solicitations are undertaken by the State Purchasing Office (SPO) on their behalf. **Exhibit 1** of my written testimony provides a brief description of the various solicitation vehicles. They include Requests for Proposals; Invitations for Bid; Documented Quotes; State Price Agreements; Discretionary Purchases; and purchases made through use of the State Procurement Card.

**State Price Agreements**

The State Purchasing Office is responsible for solicitation and administration of the 243 State Price Agreements. These are competitively awarded fixed price contracts for commonly used goods and services. Any state, local government and political subdivision entity, as well as certain nonprofit organizations, may purchase from these contracts. State Price Agreements offer discounted prices that are generally 10-40% below retail.

For Fiscal Year 2008, \$372,479,665 was spent on State Price Agreements. That spend is broken out as follows:

State Agencies	-	\$152,061,434
Higher Education.	-	\$ 77,174,519
Political Subdivisions	-	\$143,243,712

**Colorado BIDS**

The Colorado Bid Information and Distribution System (BIDS) is the statutorily required system utilized by the state to ensure adequate competition and wide distribution of solicitation requests. Forty-six (46) state agencies and institutions of higher education regularly utilize this system to conduct their solicitations for goods, services, and construction. In Fiscal Year 2009, 2,688 solicitations were posted and a total of \$273,398,879 in contract awards were made. There are over 8,500 registered vendors who have full access to these solicitations and compete for these contracts. There continues to be a consistent interest in the Colorado BIDS system as each month the website receives over 470,000 hits.

**State Procurement Card**

Since its inception in 1999, the exclusive procurement card program for the state has significantly increased the efficiency of the statewide procurement system and reduced operating costs. Small dollar purchases are made by agency and institution authorized cardholders instead of processing purchase requests through purchasing offices. The use of procurement cards is convenient for users and reduces the number of small orders that have to be processed and issued by purchasing offices. This allows the offices to efficiently direct their resources to larger and more complex purchasing activities. In addition, efficiencies are realized in the accounts payable units across the state. Instead of processing invoices from suppliers for each small purchase made, the accounts payable offices pay one invoice monthly to the procurement card bank. Some statistics for the program are as follows:

- o **FY 08-09 Spend: \$201.7 million**
- o **FY 08-09 Monthly Average Spend: \$16.8 million**
- o **FY 08-09 Transactions: 810,910**
- o **FY 08-09 Monthly Average Transactions: 67,576**
- o **FY 08-09 Individual Cards Issued: 16,877**

**DOLLARS SPENT BY THE STATE FOR PURCHASES:**

The state primarily utilizes the Colorado Financial Reporting System (COFRS) as its state financial system. However, it is not the only financial system used in the state. Most higher education institutions use distinct financial systems but they do report some of their expenses in COFRS. As a result, I can provide you with the information on state expenditures that is maintained in COFRS. With that in mind, the State expenditures in Fiscal Year 2009 for goods and services as reported in COFRS are as follows:

State Agencies	-	\$1,433,138,875
Higher Education	-	<u>\$ 794,927,490</u>
Total		\$2,228,066,365

The total figure includes the amount spent on State Price Agreements and through use of the procurement card.

This concludes my testimony and I thank you, Mr. Chairman and members of the Committee for this opportunity.

# Exhibit 1 -- State of Colorado Procurement Vehicles

<b>Request for Proposal (RFP)</b>	■ Used for goods and services when factors other than price must be considered in order to determine which offer would be best to meet State needs. (Competitive Sealed Proposal)
<b>Invitation for Bid (IFB)</b>	■ Used for goods and services costing more than \$150,000. The vendor selection standard is the most responsive, <u>lowest price vendor bid wins</u> . (Competitive Sealed Bidding)
<b>Documented Quote (DQ)</b>	■ Used to purchase goods and services of \$10,000 to \$150,000 and services costing between \$25,000 and \$150,000. This is the most informal type of solicitation and often Bids can be faxed to the purchasing agent.
<b>State Pricing Agreements</b>	■ The State of Colorado establishes State Price Agreements for goods and services that are most commonly used by the State. State Price Agreements are utilized by Local Governments. They are listed on the State of Colorado Bidder Information and Distribution System (BIDS).
<b>Discretionary Purchase</b>	■ Used to purchase goods up to \$10,000 and services of \$25,000 or below. This is a non-competitive purchase.
<b>Procurement Card</b>	■ A form of Discretionary purchasing

