



2019 Local Government Entity Sustainable Procurement Study

RESEARCH PAPER

CONTRIBUTING AUTHORS:

Evelyn Trammell
Doctoral Candidate
Department of Public Policy and Administration
Florida International University
Miami, FL

Ana-Maria Dimand
Doctoral Candidate
Department of Public Policy and Administration
Florida International University
Miami, FL

2019 LOCAL GOVERNMENT ENTITY SUSTAINABLE PROCUREMENT STUDY

EXECUTIVE SUMMARY

Public procurement is an essential function of local governments. As such, it is often used as a major policy tool to achieve goals and desirable outcomes for public organizations, and in the more recent socio-political environments, the procurement function has been employed to achieve sustainability in environmental, social, and economic aspects of communities. This report is presented to demonstrate current trends in sustainable procurement in local governments across North America, particularly within the United States. Specifically, it assesses supplier diversity and green procurement as major components of sustainable procurement initiatives. Survey responses describe whether organizations participate in supplier diversity and green procurement, and also detail the extent to which these policies are implemented. Additional aspects related to perceived challenges to policy implementation are outlined as well.

For the purposes of this study, supplier diversity and green procurement are defined as follows.

Supplier Diversity (SD) is defined as minority and women-owned business programs which encourage participation in contracting opportunities for these underrepresented groups and may also aim to achieve a broader socio-economic goal. This is often achieved by enhancing access, limiting discrimination, correcting historical injustices, and empowering small, disadvantaged business owners to participate in government contracting.

Green Public Procurement (GPP) is defined as “the approach by which Public Authorities integrate environmental criteria into all stages of their procurement process, thus encouraging the spread of environmental technologies or services, and the development of environmentally sound products, by seeking and choosing outcomes and solutions that have the least possible impact on the environment throughout their whole life cycle”(adaptation from Bouwer, de Jong, Jonk, Berman, Bersani, Lusser, Nissinen, Parikka & Szuppinger, 2005).

In 2018, NIGP: The Institute for Public Procurement, surveyed its local government member entities. The survey collected information regarding organizational characteristics and current practices spanning across green and minority and

women-owned business contracting efforts as part of the entities' procurement practices. The survey resulted in responses from 436 local government procurement entities. Responses for organizational and sustainable procurement questions, however, vary.

Survey results demonstrate that, in general, supplier diversity programs and green public procurement are not prevalent activities in local government agencies: 37% have a minority-owned business (MOB) policy, 30% have a women-owned business (WOB) policy, and only 21% have a green public procurement policy in place. Furthermore, within the small range of agencies who have MOB or WOB policies, only moderate implementation of these policies occurs. Furthermore, the findings provide a breakdown of the type of supplier diversity activities being implemented, which include activities that may require formal legislation and others which have more flexibility.

In addition, survey results demonstrate that the majority of organizations surveyed do not have dedicated staff to coordinate supplier diversity or green public procurement activities. The primary function of staff falls outside of these fields, with sustainable procurement being secondary or tertiary job functions or specialties. Furthermore, there is a lack of high familiarity of training in green public procurement among survey respondents.

The perception among survey respondents is that higher level government funding (state/federal) plays the biggest role in local government engagement in supplier diversity and green public procurement. This is followed by the resident pressure being perceived as influential for engagement in these sustainable procurement activities.

These findings yield actionable recommendations for local government administrators, outlined as follows:

- **Organizational capacity and sustainability training are important.** The survey demonstrates a need for increased capacity, training, and familiarity of sustainable procurement.
- **There are several program options for agencies wishing to engage in supplier diversity.** Supplier diversity is more than just set asides. The survey research illustrates a variety of supplier diversity activities in which agencies engage, and show that outreach events and alternative methods of contract formulation and advertisement are most popular.

- **Resident buy-in is key to engagement in supplier diversity and green public procurement.** Open and active dialogue with residents may help to garner necessary support externally for sustainable procurement.
- **State and federal agencies can lead in implementation.** State and federal governments have an impact in sustainable procurement efforts of local governments through the power of the purse. State and federal governments have the potential to drive local sustainable procurement efforts from the top.

There are two important limitations to this report. First, the survey includes self-reported responses, which may be subject to social-desirability bias. This concern notwithstanding, it is common in research to utilize surveys to assess organizations. Second, conclusions outlined in this report are based upon the survey sample of 436 local government procurement entities, with some questions having considerably less responses. This may be due to either respondent nonresponse or a lack of policy or implementation in these entities.

The following pages illustrate the responses from local government procurement entities.

ENTITY CHARACTERISTICS

This section details the characteristics of government entities that responded to the survey. City or town governments make up 43% of the participating entities, and county or regional entities make up 27% of participating entities (Figure 1). Overall, most reporting entities (68%) have an annual procurement volume of up to \$200 million (Figure 2). A majority of the respondents are also located in the South and West geographical regions of the United States as defined by the United States Census Bureau (Figure 3). Figure 4 demonstrates that most entities that responded to the survey have ten or less procurement staff.

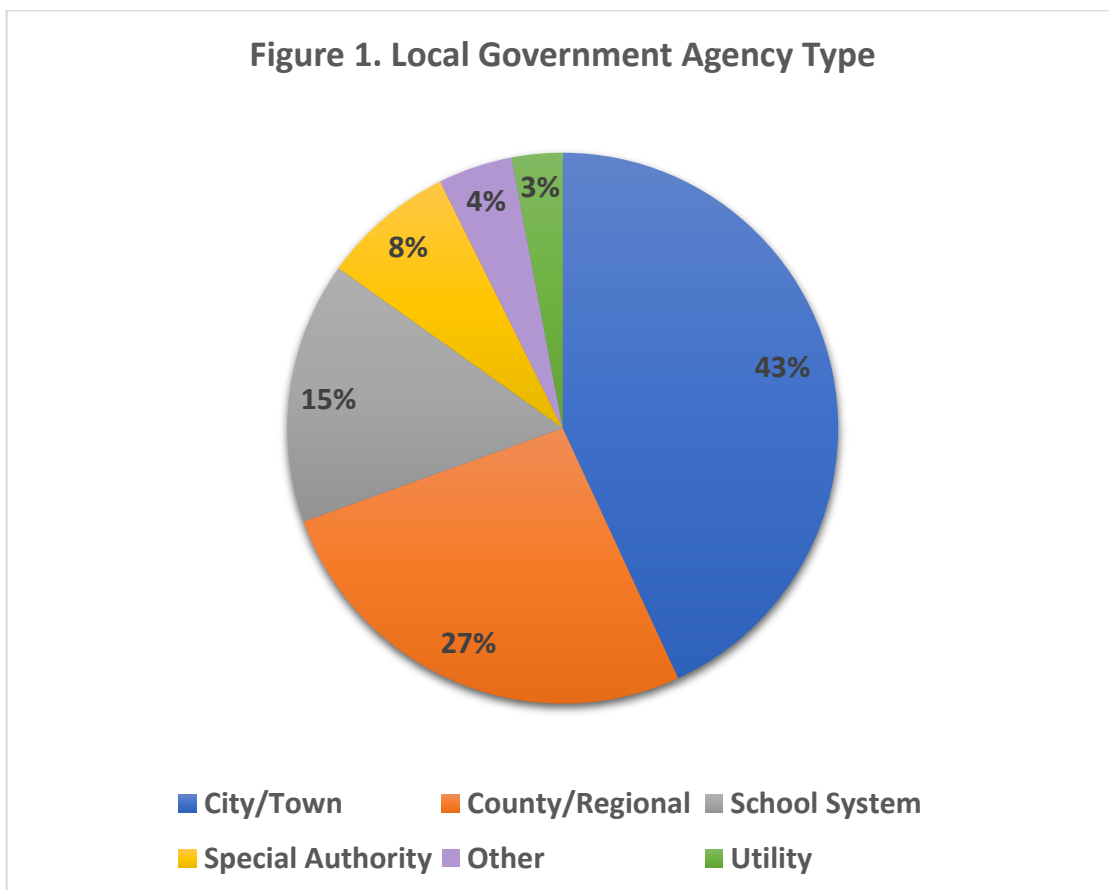


Figure 2. Annual Procurement Volume of Local Government Agencies

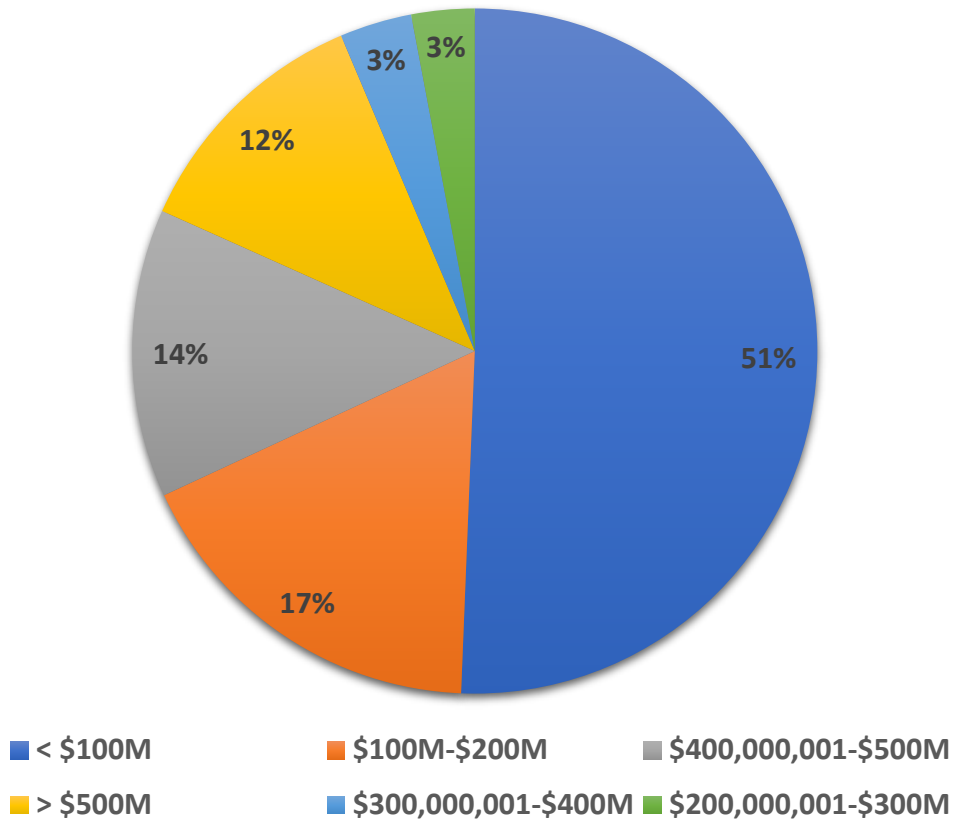


Figure 3. Government Agency by Region and Division

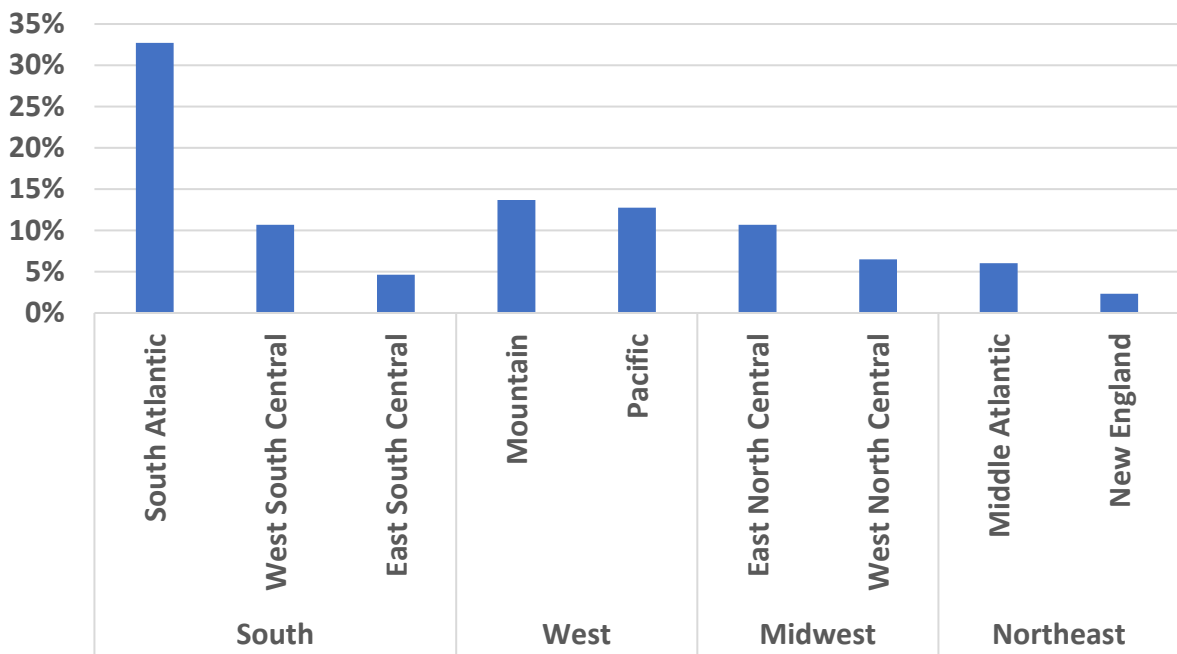
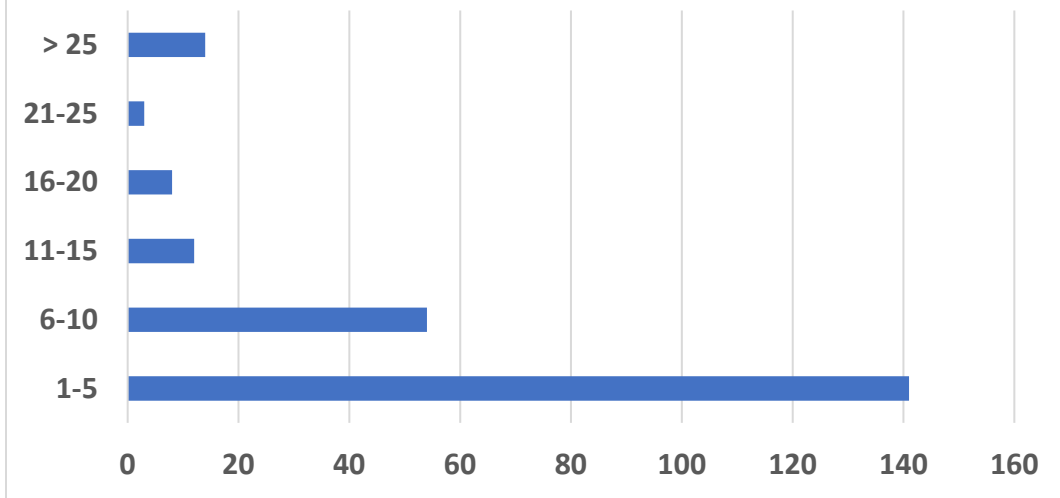
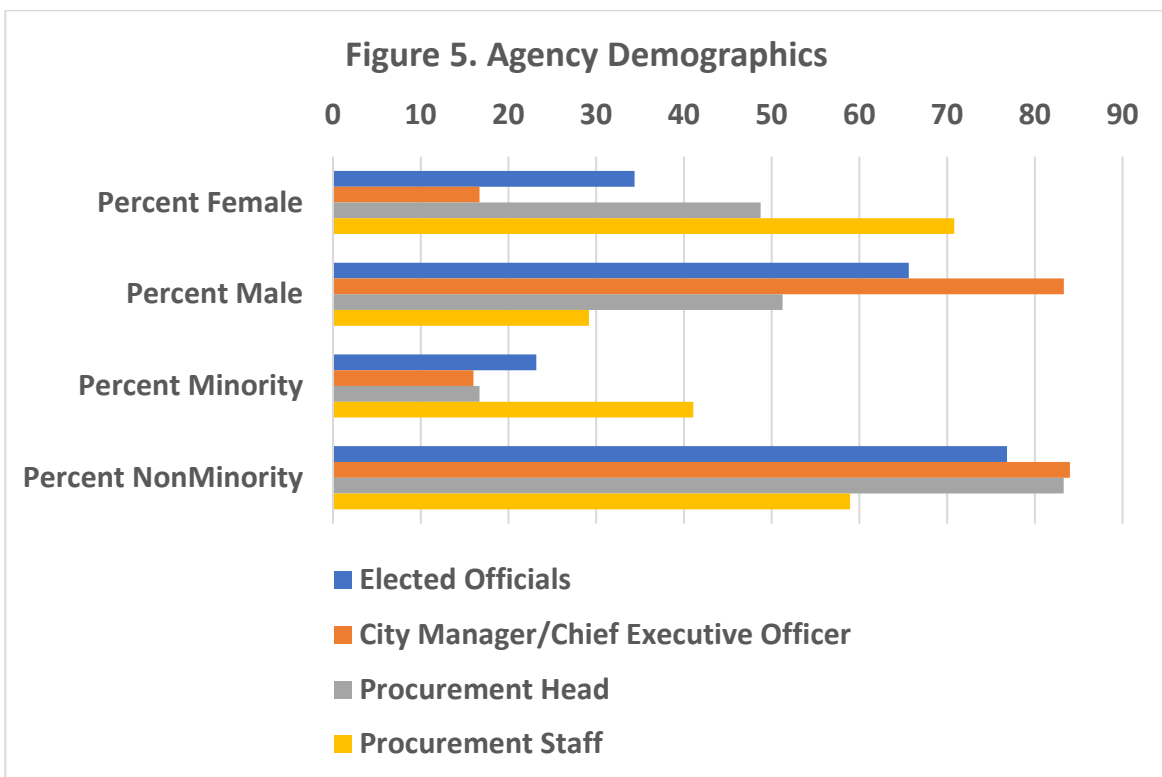


Figure 4. Procurement Staff (FTE)



ENTITY DEMOGRAPHICS

Females and minorities are underrepresented in government entities. On average, females make up approximately 34% of elected officials, 17% of city managers or chief executive officers, and 49% of procurement heads in local government entities. Females, however, make up the majority of procurement staff in entities that responded to the survey (71%). Minorities are underrepresented overall. On average, minorities make up 23% of elected officials, 16% of city managers or chief executive officers, 17% of procurement heads, and 41% of procurement staff.



SUPPLIER DIVERSITY POLICY

Minority-owned business or small disadvantaged business policies are more prevalent than women-owned business policies. On average, 37% of government entities have a minority-owned business or small disadvantaged business policy, whereas 30% of government entities have a women-owned business policy (Figure 6). Of the government entities with these policies, **the majority reported moderate implementation efforts (Figure 7).**

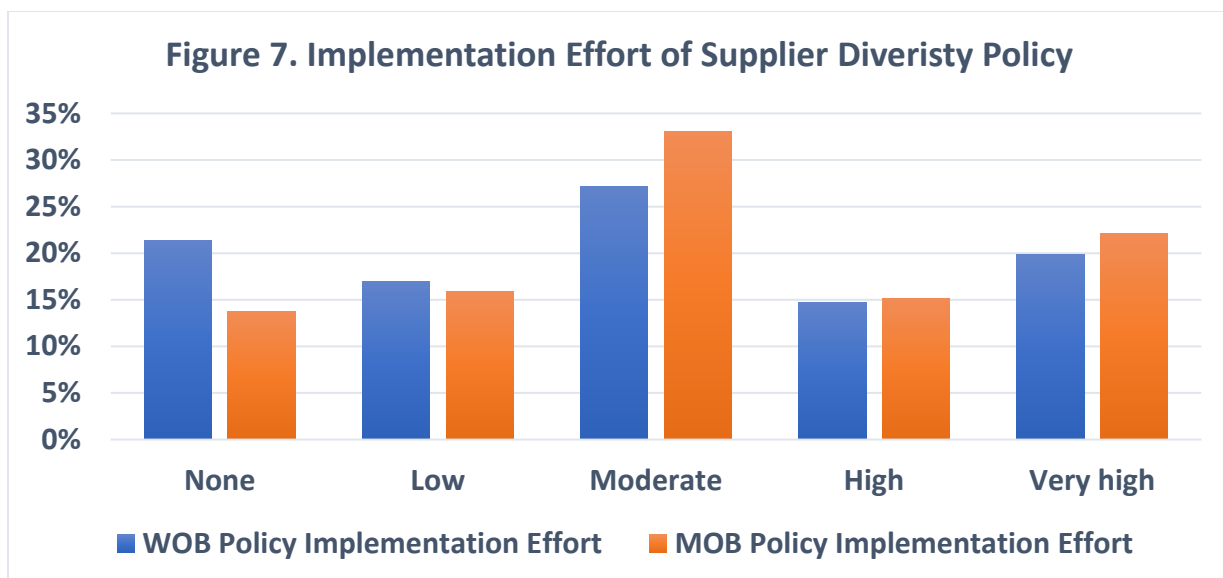
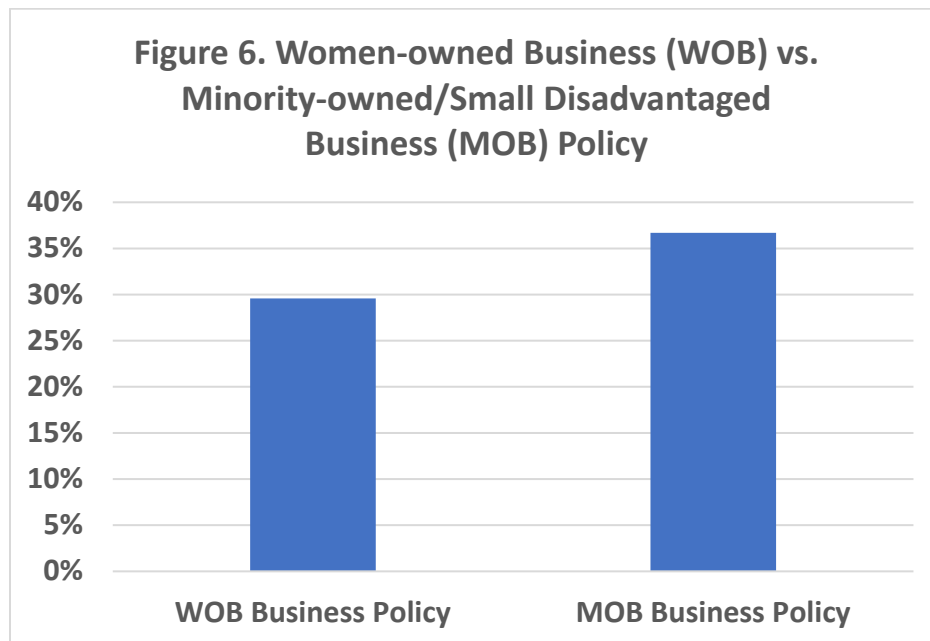
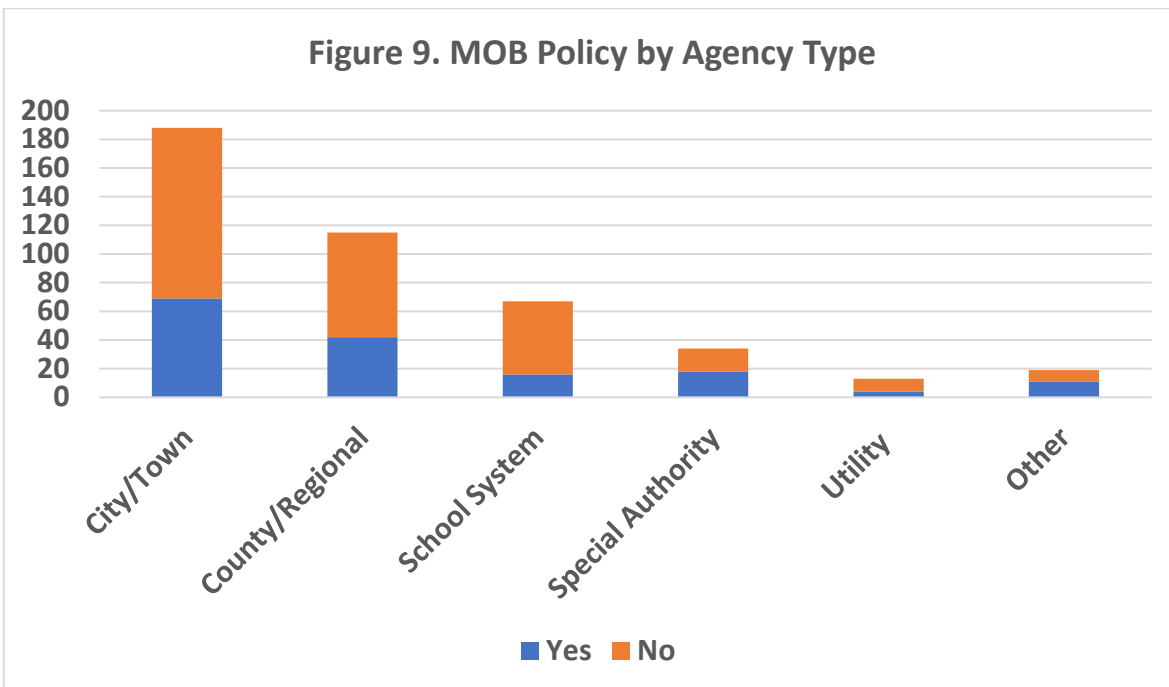
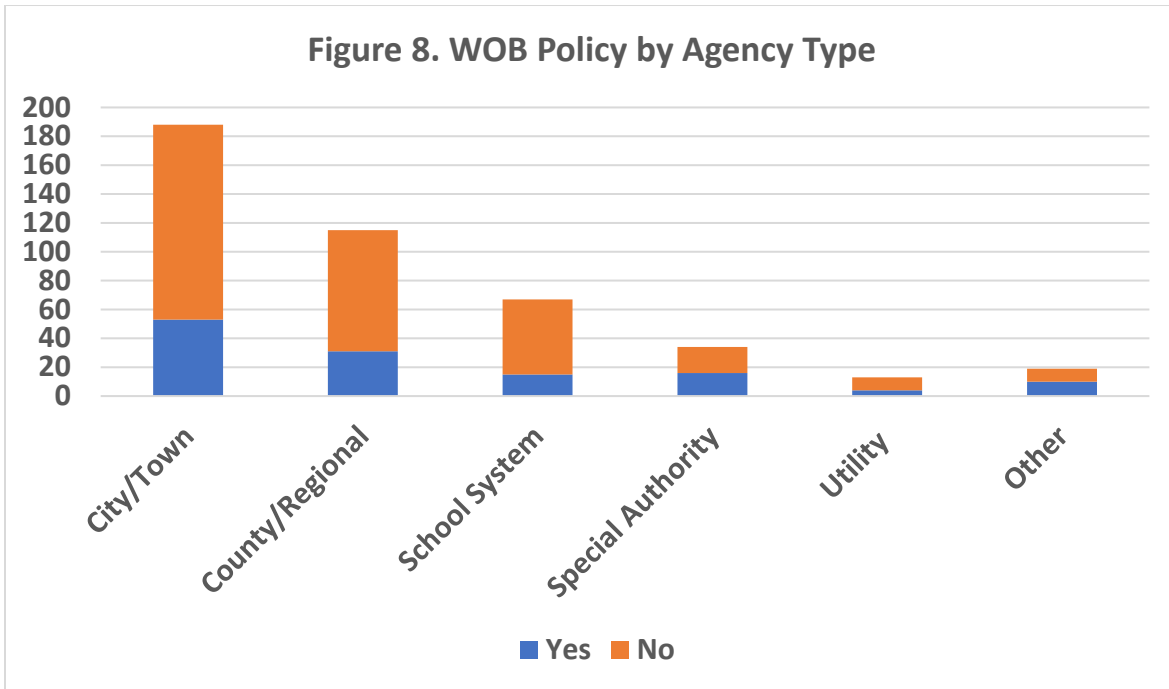


Figure 8 illustrates the number of entities surveyed that have a women-owned business policy by respective agency types. For example, among city/town governments, 53 agencies have a women-owned business policy, while 135 do not. Figure 9 illustrates the number of entities surveyed that have a minority-owned business policy by respective agency types. For example, among city/town governments, 69 agencies have a women-owned business policy, while 119 do not.



SUPPLIER DIVERSITY ACTIVITIES OF LOCAL GOVERNMENT ENTITIES

In general, **government organizations more often encourage participation of women and minority-owned businesses in contracting opportunities through active outreach, technical assistance, expanding the reach of bid opportunities by advertising on more than two platforms, and by providing contractors the opportunity to bid on parts of a large contract rather than the contract as a whole (Figure 10).** While some of these activities are not exclusive to women and minority-owned businesses, they encourage participation of these groups in contracting opportunities. Women and minority-owned business criteria, often evaluated through bid evaluation (i.e. set asides, price evaluation credits, and preference points), are not as prevalent among responding entities. Only 16% of government entities have dedicated staff to execute these activities (Figure 11). Figure 12 illustrates the number of agencies that have dedicated staff to execute supplier diversity activities by respective agency types.

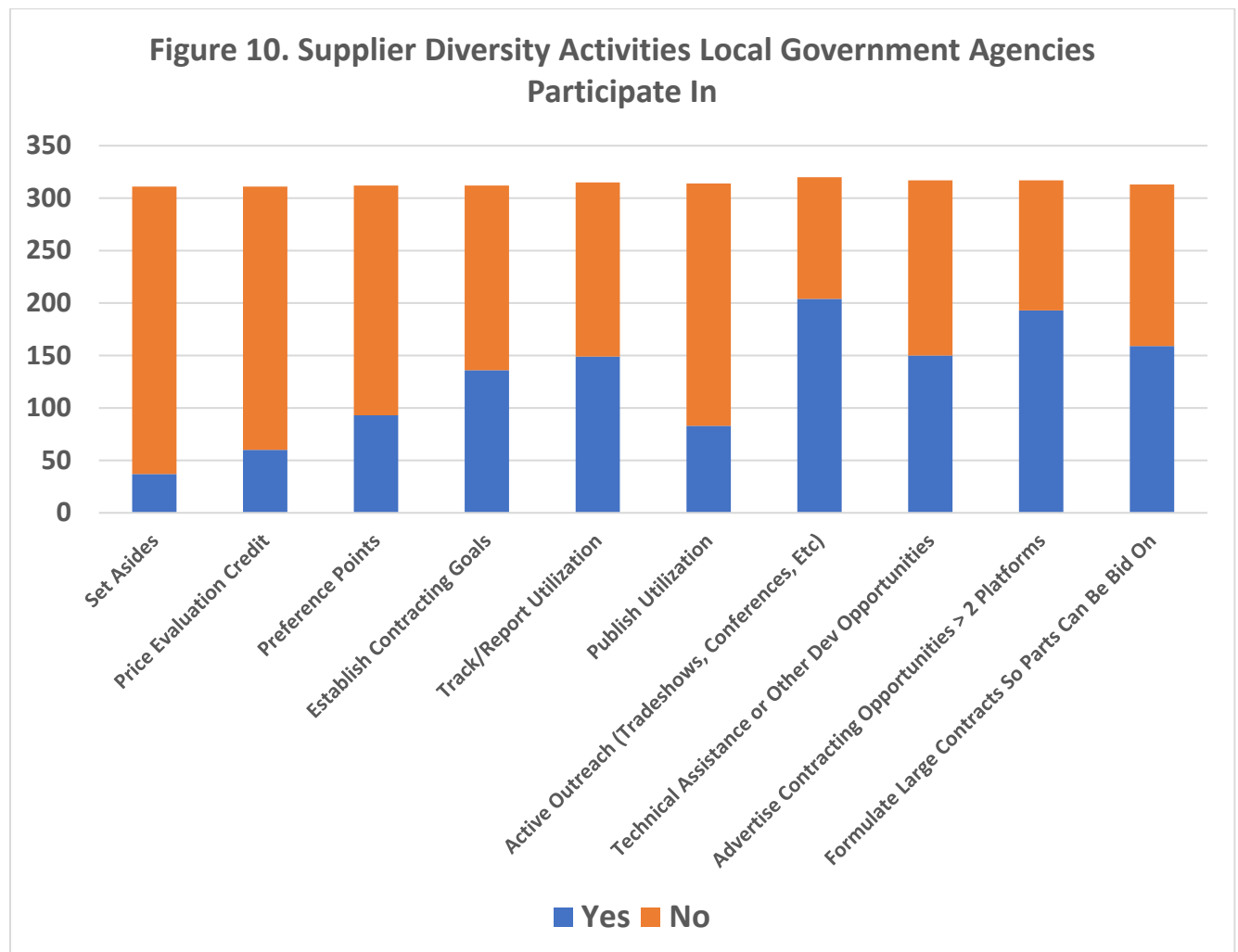


Figure 11. Dedicated Staff for Supplier Diversity

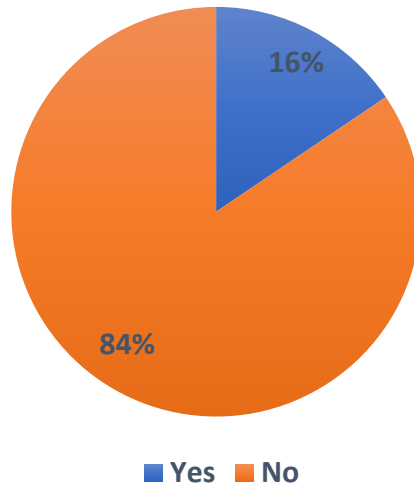
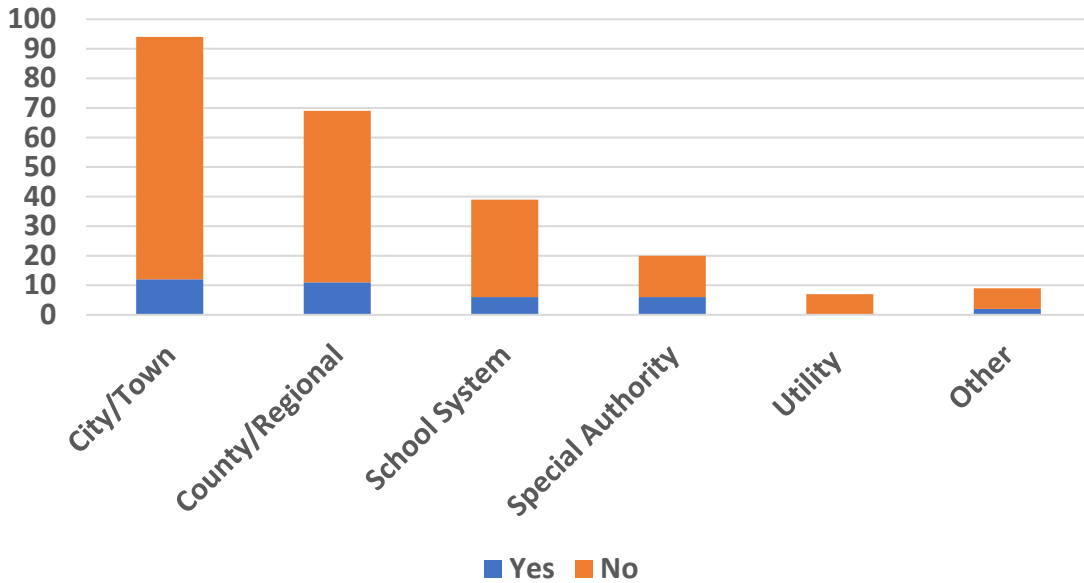
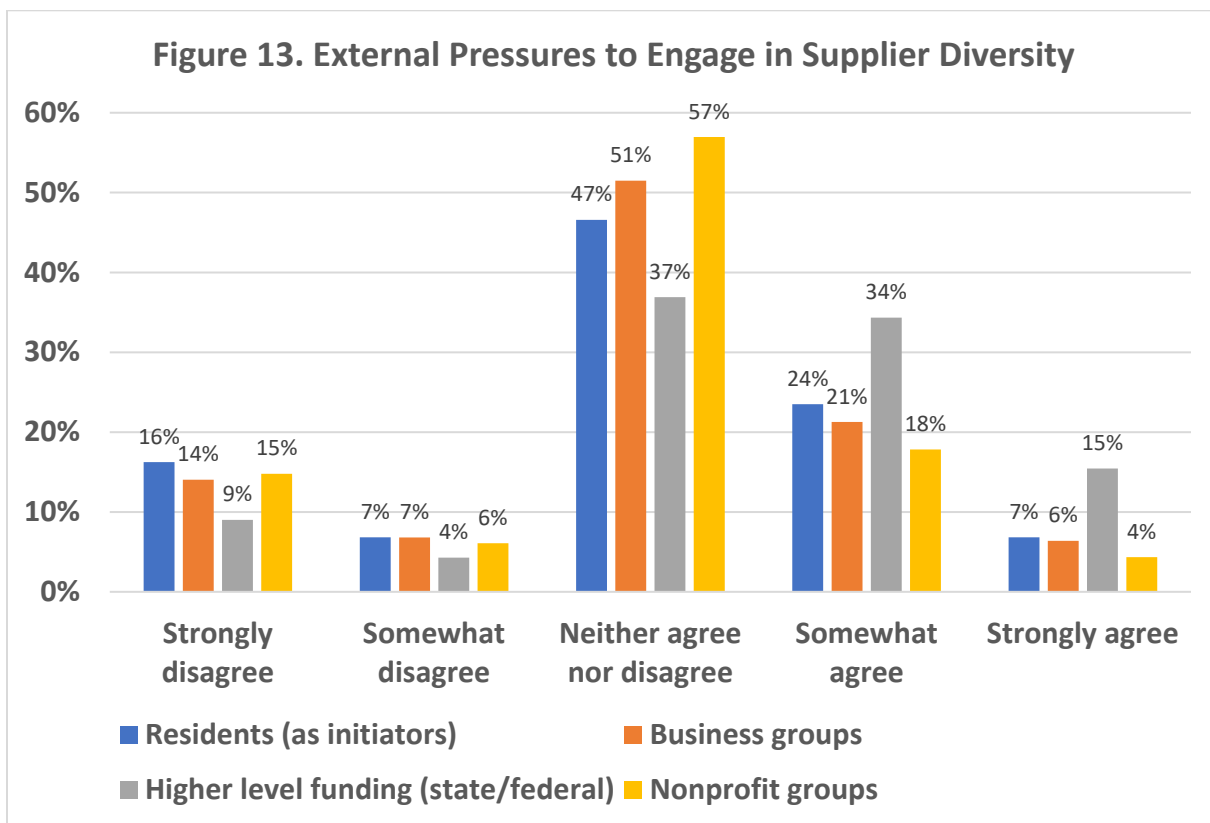


Figure 12. Dedicated Staff for Supplier Diversity by Agency Type



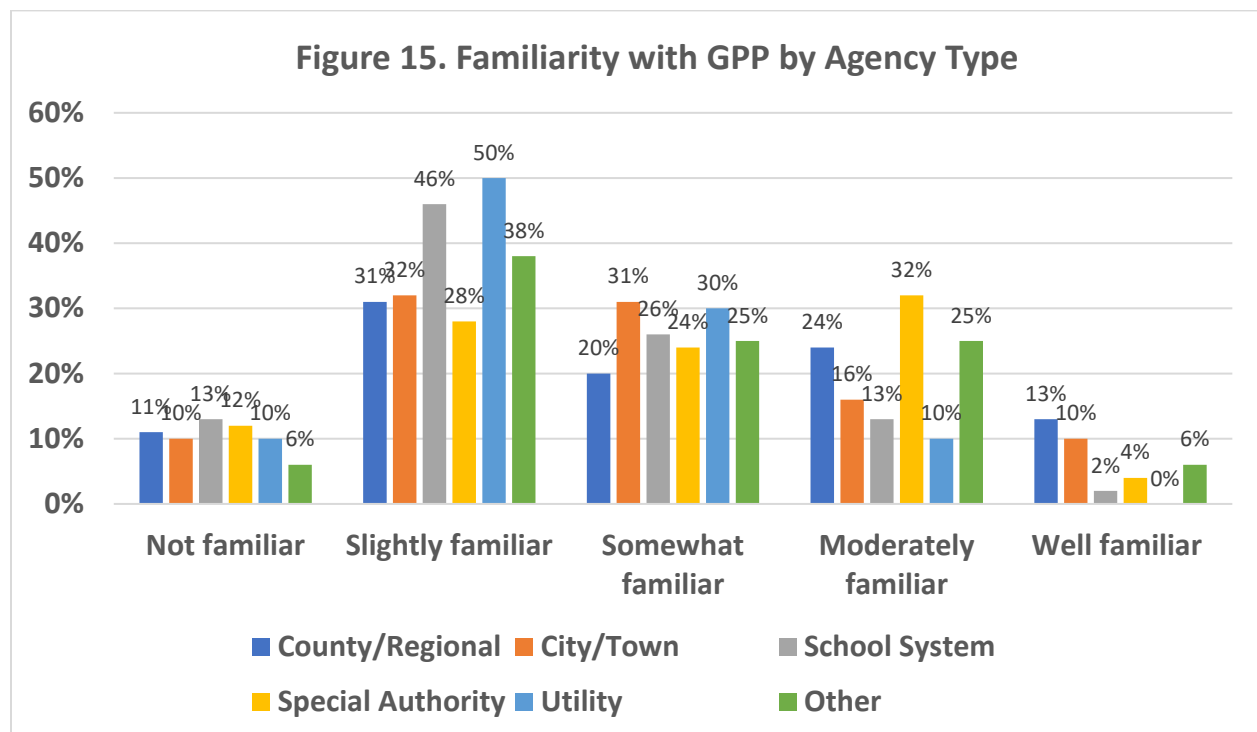
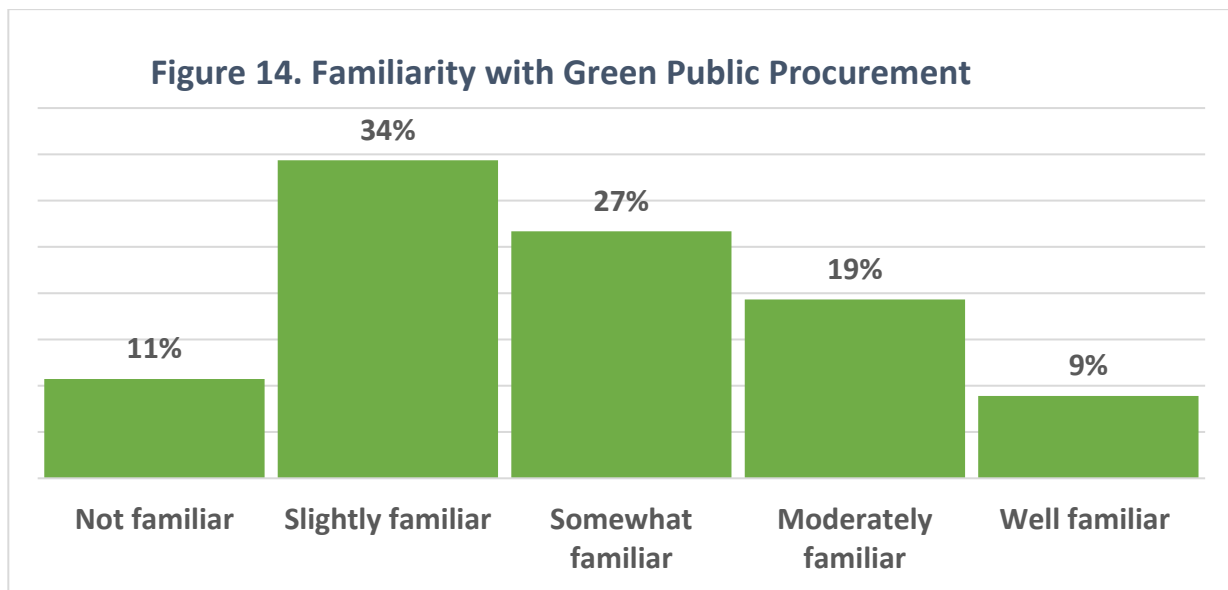
EXTERNAL PRESSURES FOR SUPPLIER DIVERSITY

Residents, business groups, nonprofit groups, and higher-level funding requirements exert pressure for engagement in supplier diversity by local government entities. On average, local government entities rate the influence of **higher-level funding requirements as the highest (15% strongly agree)**, followed by resident as initiators (7% strongly agree), and business groups (6% strongly agree). Local government agencies rate the influence of nonprofit groups (4% strongly agree) as lowest.



GREEN PUBLIC PROCUREMENT: FAMILIARITY AND TRAINING

On average, 80% of government organizations in the United States indicate that they are either slightly familiar, somewhat familiar, or moderately familiar with the concept of green public procurement (GPP). Only 9% of entities rank their organization as being well familiar with the concept, while 11% classify their local government as not familiar with GPP (Figure 14). Figure 15 describes familiarity with the concept of GPP by agency type.



As it relates to GPP training offered to procurement personnel, 83% of local government entities do not provide such opportunities, while 13% do (Figure 16). Figure 17 further explains the prevalence of green public procurement training by agency type.

Figure 16. Green Public Procurement Training

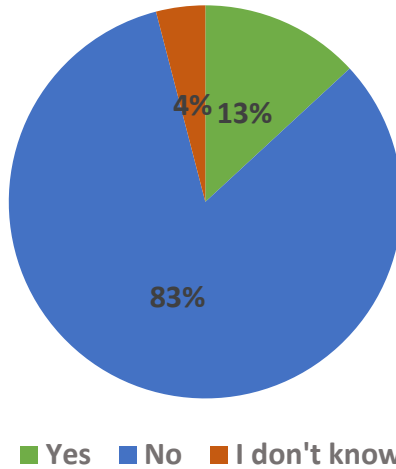
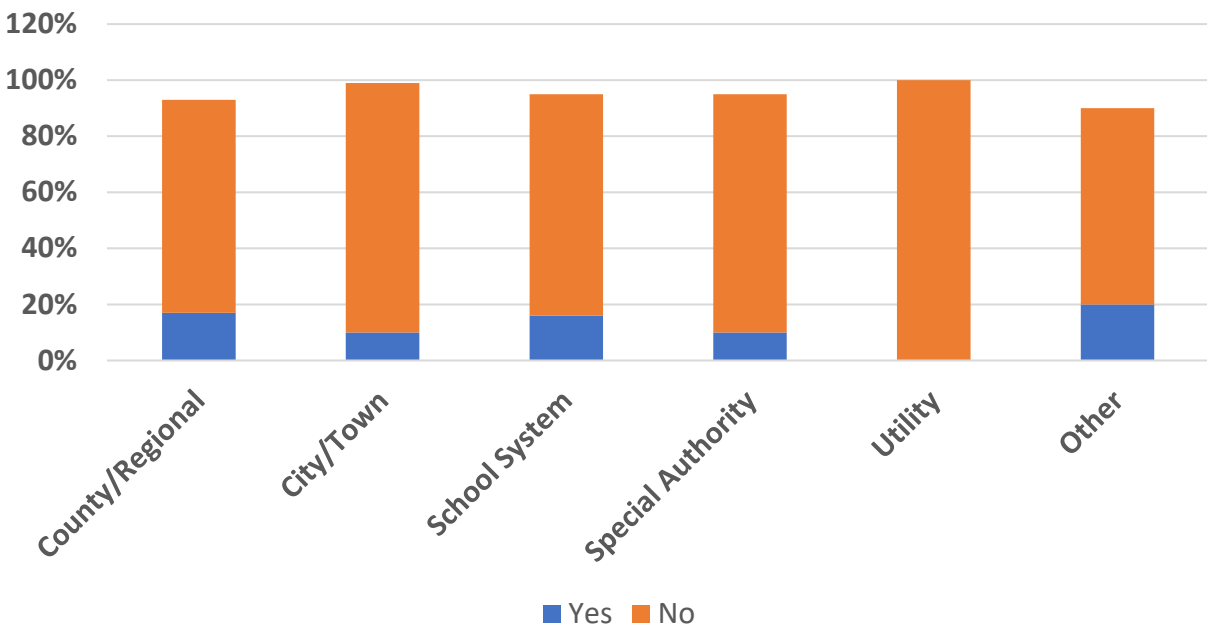
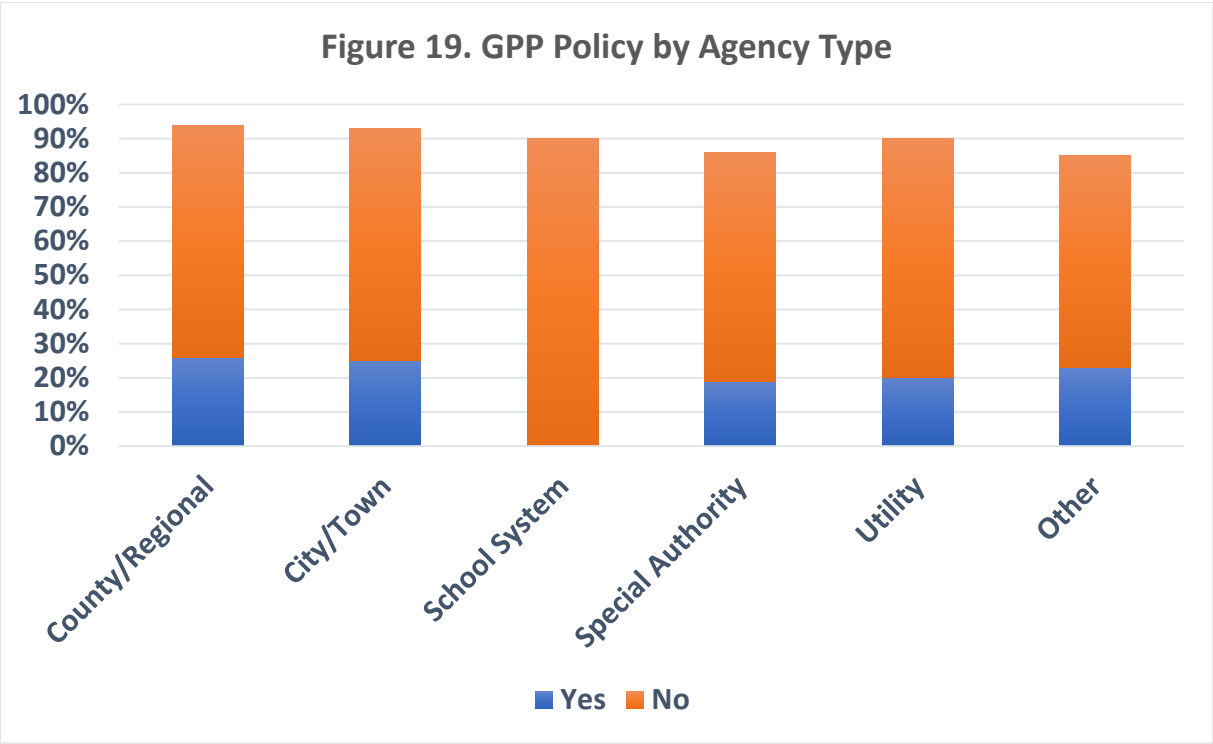
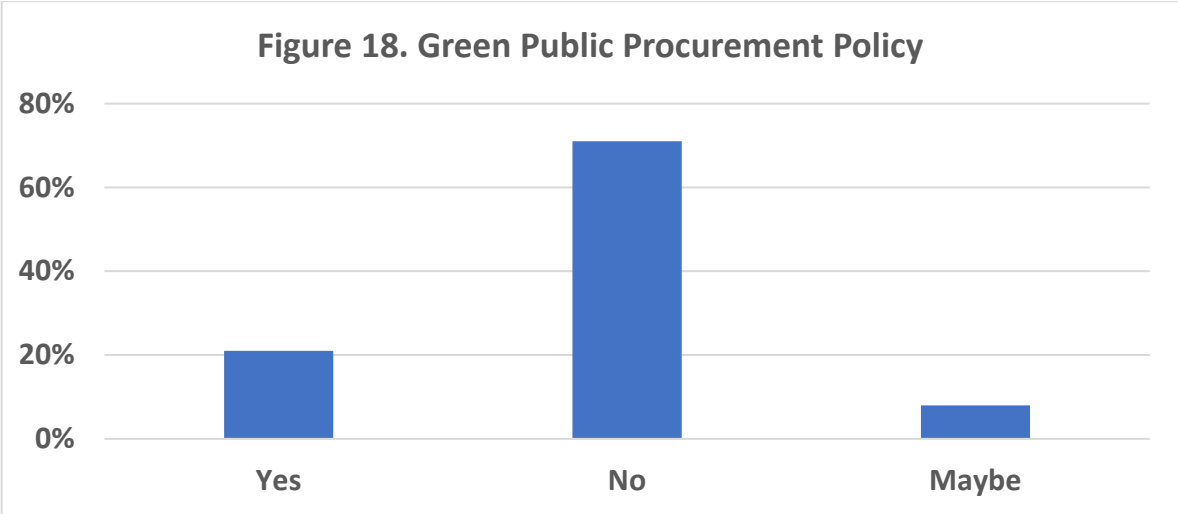


Figure 17. GPP Training by Agency Type

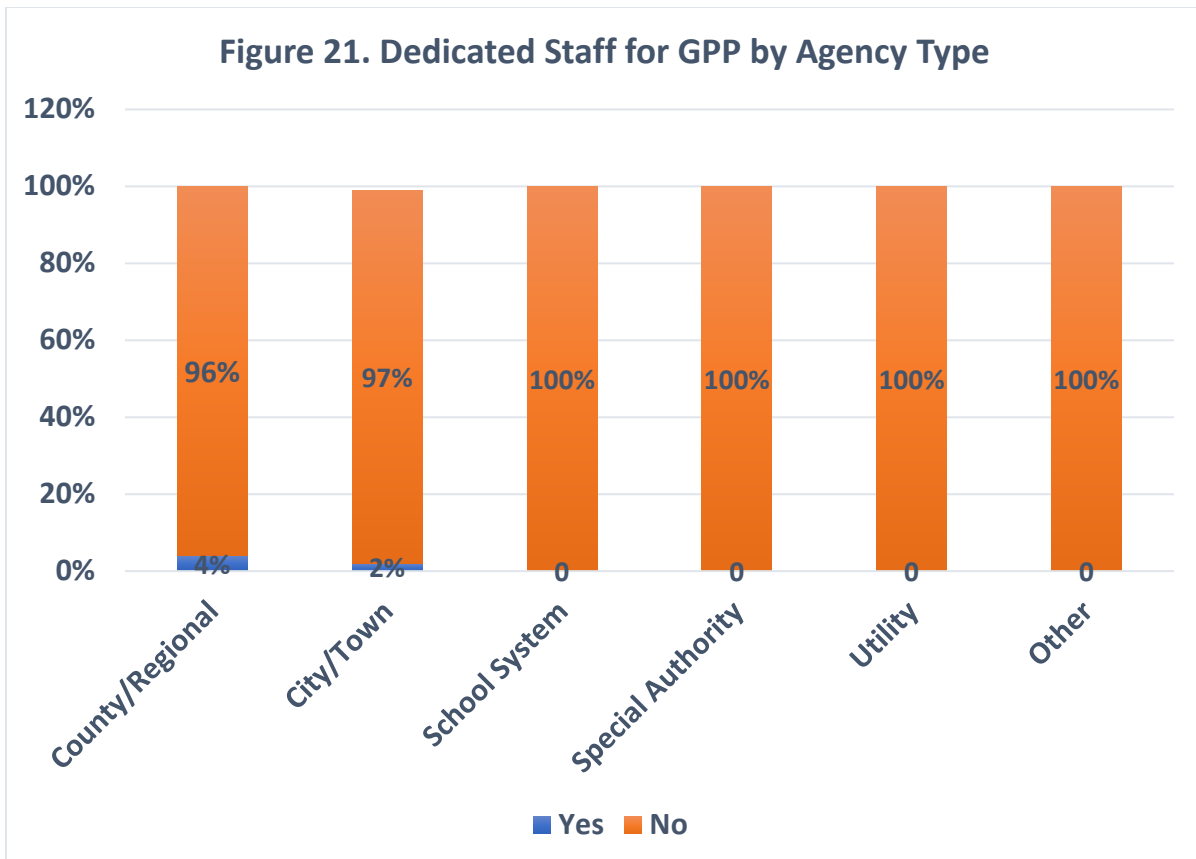


GREEN PUBLIC PROCUREMENT POLICY AND STAFF

Figure 18 demonstrates that, on average, 21% of local government entities have a green public procurement policy in place, whether developed internally or mandated. Conversely, 71% of entities do not have such policies. Figure 19 illustrates the number of entities surveyed that have a GPP policy by respective agency types. For example, among city/town governments, 26% entities have a green public procurement policy, while 68% do not.

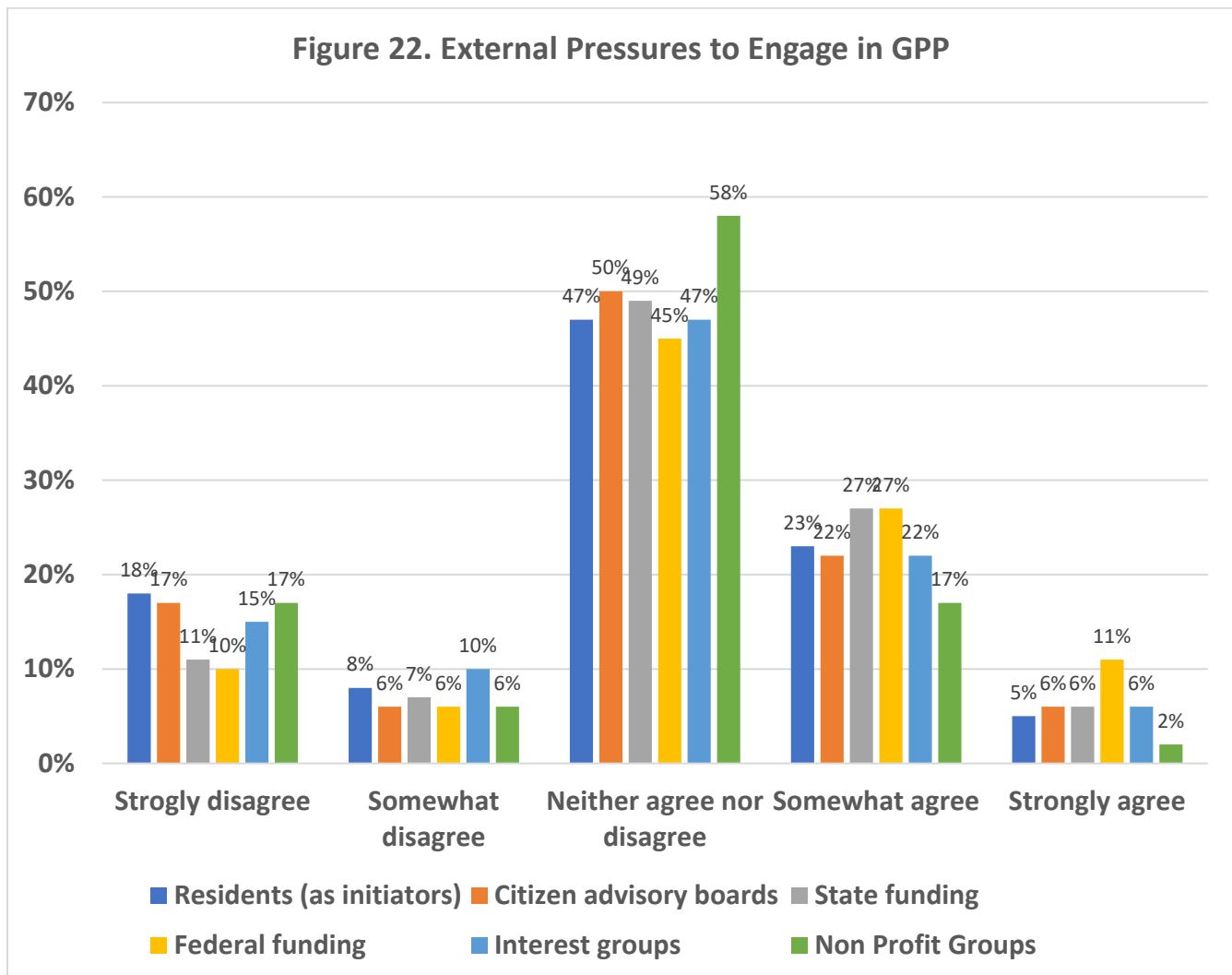


While 16% of local governments have dedicated staff for supplier diversity, only 2% have employees dedicated to green public procurement (Figure 20). Figure 21 illustrates that 4% of County/Regional and 2% of City/Town entities have dedicated staff to execute green public procurement activities, while other entities in the sample do not.



EXTERNAL PRESSURES FOR GREEN PUBLIC PROCUREMENT PRACTICES

On average, in terms of external pressures for engagement in green public procurement practices, **local government organizations rate the influence of federal funding as the highest** (11% strongly agree), followed by state funding, citizen advisory boards and interest groups (6 % strongly agree). Local government organizations rate the influence of residents as initiators (5% strongly agree) and nonprofit groups (2% strongly agree) as lowest (Figure 22).



ABOUT THE AUTHORS

Evelyn Trammell is a doctoral candidate in the Department of Public Policy and Administration at Florida International University and is currently researching social equity procurement policies of local governments in the United States. In general, her research interests include government contracting, socio-economic equity, bureaucratic representation, policy analysis, and public management. Evelyn also has eight years of experience as a local government practitioner in South Florida. In addition, she is a founding board member and current Chair of American Society for Public Administration's Section on Procurement and Contract Management.

Ana-Maria Dimand is a doctoral candidate in the Department of Public Policy and Administration at Florida International University. Her research focuses on aspects related to public management, government contracting, environmental policy, innovation, inter-governmental collaboration. Prior to academia, Ana has served as a legal advisor for a central government organization in Romania, specializing in government contracting. Ana is a founding board member of American Society for Public Administration's Section on Procurement and Contract Management, and she served as media coordinator from the onset.