

HOUSE No. 5065

The Commonwealth of Massachusetts

REPORT OF THE
SPECIAL COMMISSION
ON THE
IMPLEMENTATION OF THE LAW
AUTHORIZING POLITICAL SUBDIVISIONS
OF THE COMMONWEALTH
TO FORM GROUPS
FOR THE PURPOSE OF
MAKING COLLECTIVE PURCHASES.

(established by Chapter 69
of the Resolves of 1971)

January 31, 1972

HOUSE

IN SENATE
JANUARY 10, 1905

REPORT OF THE

COMMISSIONERS

The Commonwealth of MassachusettsLETTER OF TRANSMITTAL TO THE
SENATE AND HOUSE OF REPRESENTATIVES

To the Honorable Senate and House of Representatives:

GENTLEMEN: — In accordance with Chapter 69 of the Acts of 1971 "A Resolve Providing for an Investigation and a Study by a Special Commission Relative to Determining How to Implement the Law Authorizing Political Subdivisions of the Commonwealth to Form Groups for the Purpose of Making Collective Purchases" the following report is hereby transmitted.

Respectfully submitted,

REP. WILLIAM Q. MacLEAN, JR.
REP. VINCENT J. PIRO
REP. JAMES B. MOSELEY
JOSEPH M. SHERRIFF—
designee, State Purchasing Agent

The Commonwealth of Massachusetts

REPORT OF COMMITTEE

In the latter part of 1967 — House Bill 4283 — “An Act Providing for Collective Purchases by Political Subdivisions” was filed by Attorney General Robert H. Quinn then Speaker of the House of Representatives. It passed the House and Senate and was approved May 14, 1968 and became Chapter 269, Acts of 1968. After having many meetings with representatives of the political subdivisions, State Purchasing Agent, and staff and the members of the Attorney General’s Office, it was determined that Chapter 269 was not workable as enacted because of the responsibility placed on the Purchasing Agent’s Division as noted in the last paragraph of that Chapter, whereas the processing of requisitions and invoices would fall upon the already overburdened Purchasing Agent’s Division. A suggested redraft was drawn up and in 1970, House Bill 314 — “An Act Providing for Collective Purchases by Political Subdivisions” with amendments to make this Act more workable than Chapter 269 was filed by Representative Thomas W. McGee. It passed the House and Senate and was approved February 26, 1971, and became Chapter 53, Acts of 1971. In trying to implement Chapter 53, just as we had tried to implement Chapter 269, many drawbacks and flaws were found in trying to make them work properly.

Despite the many problems on hand, a program was started in which some of the political subdivisions entered and took advantage of the State contracts, at a great savings to themselves. After many meetings, discussing the pros and cons of the implementation of Chapter 53, the commission did come up with a set of Rules and Regulations and Commodity List to send out to as many political subdivisions as possible, to find out their interest in this program. Before the material was disseminated, it was carefully analyzed by the Attorney General’s Office Contracts Division. The commission was notified by the Attorney General’s Office that although our procedures were adapted more or less from the New York System that the language differed in both statutes and caution should be taken in the wording of our Rules and Regulations, whereby the Rules and Regulations were left flexible for future implementation.

Since the Rules and Regulations, Commodity List, and copy of Chapter 53 have been distributed, numerous inquiries have been made as to their implementation.

During the past legislative session House Bill 6033 — “A Resolve Providing for an Investigation and a Study by a Special Commission Relative to Determining How to Implement the Law Authorizing Political Subdivisions of the Commonwealth to Form Groups for the Purpose of Making Collective Purchases” was filed by Representative William Q. MacLean, Jr. It passed the House and Senate and was approved October 21, 1971 and became Chapter 69.

This study has included attendance at many National Purchasing Programs since 1967 and appearances on many panels relating to Collective Purchasing. The Purchasing Agent's designee has made special trips to speak to and has gained much knowledge from those in charge and responsible for their Collective Purchasing Program in States having this program. The Commission has studied their format and organizations, has found that most of the successful ones follow very similar procedures with about the same personnel and same funding. Those who haven't been too successful are the ones who have been moving along in the same fashion as our own Commonwealth without the proper organization to implement their program.

The State of New York first enacted their statute in 1953 but not until they had the proper legislation passed to fund the program in 1957 did they start to operate in a successful manner, so successful in fact, that in the fiscal year of 1970, the State of New York purchased 170 million dollars and the political subdivisions purchased 160 million dollars from the State contracts, at the approximate savings of 10% or 16 million dollars.

The State of New Jersey in the fiscal year of 1970, the first full year of their Collective Purchasing Program, purchased 135 million dollars and the political subdivisions purchased 5 million dollars, at the approximate savings of 12% or \$600,000.

The State of Illinois, in the fiscal years of 1969 and 1970, the first two years of their Collective Purchasing Program, purchased a total of 210 million dollars and the political subdivisions purchased a total of \$2,200,000, in those two years, at the approximate savings of 14% or \$300,000.

The State of New York has as its personnel: Co-ordinator of Collective Purchasing, Assistant Co-ordinator of Collective Purchasing and Clerk. Its annual budget is \$65,000.00

The State of New Jersey has as its personnel: Senior Director of Collective Purchasing, Assistant Director of Collective Purchasing and Clerk. Its annual budget is \$50,000.

The State of Illinois has as its personnel: Buyer, Secretary and Clerk. Its annual budget is \$40,000.

The aforementioned are the most successful of the States the Commission studied.

It is the conclusion of the Commission that the Commonwealth of Massachusetts can become as successful as any of the other States, the proper organization is set up and is properly funded to implement this program to benefit the Commonwealth and political subdivisions.

Therefore, the Commission's recommendations are as follows:

For staffing of personnel

Director of Collective Purchasing – Grade 23

Assistant Director of Collective Purchasing – Grade 15

Principal Clerk – Grade 9

Annual Budget requested: \$50,000

Personnel Salaries – Approximately	\$34,000
Mailing and Printing	\$10,000
Office Equipment and Supplies	\$ 3,000
Traveling Expenses	\$ 3,000
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	\$50,000

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Seventy-Two.

AN ACT PROVIDING FOR THE ESTABLISHMENT OF A COLLECTIVE PURCHASING DIVISION WITHIN THE PURCHASING AGENT'S DIVISION.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

- 1 There is hereby established within the Purchasing Agent's
- 2 Division a collective purchasing division, said division shall
- 3 make collective purchases for the political subdivisions of the
- 4 Commonwealth for the purpose of providing maximum
- 5 purchasing power and effecting economies. Said division shall
- 6 consist of a Director of Collective Purchasing, an Assistant
- 7 Director of Collective Purchasing and additional clerical as-
- 8 sistance that may be necessary.

The Commission on the Administration of Justice
 has been organized and is now in session.
 The Commission is composed of the following members:
 Mr. Justice Brandeis, Chairman
 Mr. Justice Holmes
 Mr. Justice McHugh
 Mr. Justice Quinn
 Mr. Justice Sweeney
 Mr. Justice Tamm
 Mr. Justice Taft
 Mr. Justice Van Dusen
 Mr. Justice Wood

The Commission is authorized to report to the
 Governor and the Legislature on or before
 the first day of January, 1913.
 The Commission is authorized to employ such
 clerical and other personnel as may be
 necessary for the proper discharge of its
 duties.