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THE EDITOR**

The Platte Institute strongly believes in the importance of citizens participating in the public dialogue on issues important to

PLATTE CHAT

Centralization is Key to Creating More Leverage and Efficiency in State Government Spending on Vehicles

By Anne Duda
Platte Institute

The Nebraska State Auditor's office released a new report on December 14, 2009 reviewing the use of state-owned vehicles. They found that as of June 31, 2008 the state owned 8,207 vehicles. The Nebraska Department of Motor Vehicles increased that number to 9,707 vehicles by December 31, 2008 – an 18 percent increase in just six months. The primary problems found by the Auditor's office in the use of vehicles was an absolute lack of documentation among some agencies, particularly parts of the University System, but also the lack of a coordinated effort to purchase fleet maintenance products: with nearly 10,000 vehicles it should be possible to leverage

Nebraska. Writing a letter to the editor is an outstanding way to partake in the discussion and have your voice heard by thousands of people. To make the process easier, the Platte Institute has assembled a list of links which allow you to submit a letter to the editor to nearly all Nebraska newspapers. Simply [CLICK HERE](#) for a listing of the newspapers and follow the appropriate link to submit your letter.

purchasing to receive favorable fleet pricing and services.

One very striking example is found in the purchasing of a specific tire, the LT245/75R16, whose National Agreement Cost is \$78. The Nebraska Department of Administrative Services paid up to \$100 for the tire while also paying \$85, \$89 and \$90 on separate occasions. Meanwhile, the University of Nebraska paid as much as \$143 for the same tire. Other Midwest states are much more aggressive in obtaining favorable pricing and services for vehicles than the Cornhusker State. In Minnesota, the Materials Management Division (MMD) is responsible for all state purchases and even allows municipalities to utilize the state's contracts. MMD's price for the LT245/75R16 is a constant \$115.22.^[1] The Office of State Procurement (OSP), in Arkansas, is responsible for all state purchases including the colleges and universities. OSP's contract cost for the LT245/75R16 tire was an unvarying \$85.40 in 2008.^[2] Iowa has one-year discount rate contracts with multiple competing firms. These contracts specify the appropriate discount rate for each different classification of vehicle used by the state.

Other states have a centralized fleet management agency, including Kansas, Minnesota, Iowa, and South Dakota. A centralized fleet management system would be able to negotiate contracts, standardize and

increase documentation on vehicle usage and create minimum mileage criteria. Nebraska's fleet management, the Transportation Services Bureau (TSB), is within the Department of Administrative Services and, unfortunately, is not centralized. TSB controls only 22 percent of the state owned vehicles. This minimizes their negotiation capabilities when it comes to constant price or discount contracts on parts and services. Twenty-six other agencies are able to purchase and maintain vehicles including the Department of Aeronautics, the Department of Agriculture, and the Game and Park Commission. These smaller departments stand even less of a chance of negotiating good contracts than the TSB.

Although each of these state agencies has very good rationale for using vehicles, the TSB should own and maintain them as the central fleet management for the state. TSB would also be able to establish minimum mileage criterion for each classification of vehicle that would decrease the number of unneeded vehicles without removing vehicles that are used for special purposes (i.e. snow removal or hazardous material transportation). Iowa could provide a model; the vehicles not driven the minimum number of miles are reassigned or auctioned.^[3] Minimum mileage criteria would not be enforceable without documentation.

The Nebraska Auditor's report mentions a

need for a computerized system and even gives specific examples of programs that would facilitate the recording of all aspects of the fleet management, including mileage, maintenance, and driver. Since no system is currently in place, a new system should include the ability for reports on vehicles to be posted online so the taxpayers of Nebraska can see what vehicles they own and how they are being used. The state could provide the model for local municipalities in proper record keeping and purchasing. In addition, the state could share its constant cost or discount contracts with local governments to increase cost-saving measures at every level of Nebraska government, much as Minnesota already does.^[4] As this example indicates, Nebraska officials need to institute an aggressive search for best practices to reduce the cost of state government for its citizens and state-owned vehicles is a good place to start.

[1] E-mail from Finger, Jackie (ADM) 12/28/09

[2] [Arkansas.gov/dfa/procurement/documents/sp080026.doc](http://arkansas.gov/dfa/procurement/documents/sp080026.doc)

[3]

http://das.iowa.gov/gse/fleet/fleet_operations_manual.html

[4] <http://www.mmd.admin.state.mn.us/>

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