



Strategic Sourcing Cuts Government Waste

Posted: July 8th, 2008 05:27 PM GMT-05:00

By Editorial Staff

Pennsylvania's governor announces savings nearing \$140 million due to strategic sourcing measures

Harrisburg, PA — June 1, 2005 — Taxpayers in Pennsylvania are reaping some hefty benefits with strategic sourcing.

The state's Gov. Edward G. Rendell this week announced the award of a new commonwealth contract for medical services that, together with four other recently awarded strategically sourced contracts and 14 already in place, will give Pennsylvania taxpayers an annual savings nearing \$140 million.

"As state governments across the country face enormous budgetary pressures, tools like strategic sourcing help governors cut tens of millions of dollars of wasteful spending," said Rendell. "The money saved from strategic sourcing successes like this contract for medical services allows us to continue allocating resources to programs that directly benefit the citizens of Pennsylvania."

The state's Department of Corrections recently awarded a contract for commissary services. Using the volume of the entire prison system's spending, Corrections awarded Keefe Supply Group a contract to supply all inventory to the commissaries, resulting in \$3 million in annual savings.

"Pennsylvania has become the national leader in strategic sourcing among state governments thanks to Governor Rendell's leadership and focus on cutting state spending, and the active participation and cooperation of hundreds of employees from every agency," said David Yarkin, deputy secretary for procurement in the Department of General Services.

In addition to the medical services and commissary contracts, the commonwealth recently completed a fact-based negotiation with Telcove, a state-based telecommunications provider for an annual savings of \$6.8 million. Also, a contract for vehicle fleet tires and dump trucks will save Pennsylvania taxpayers \$165,634 and \$529,310 each year, respectively.

To date, the commonwealth has generated \$138.5 million in annual savings through strategic sourcing. Contract savings previously announced include software (\$4.0 million) office furniture (\$7.0 million) and advertising (\$2.6 million), among others.