

## NEWS RELEASE

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## **DAS Praises Enactment of Comprehensive Procurement Reform**

**Lincoln** – On February 13, 2024, Governor Jim Pillen signed LB 461 into law, a bill to reform state procurement processes. The Pillen Administration has worked closely with Speaker Arch since its inauguration to completely reform Nebraska’s antiquated procurement system. First introduced by Speaker Arch in the 2023 legislative session, LB 461 represents a complete rewrite of Nebraska’s procurement law, originally enacted in the 1940’s. Among the bill’s key provisions:

- Creates a uniform standard for procuring goods and services;
- Establishes supplier “responsibility” as a stand-alone factor in bid evaluation. Responsibility is a measure of corporate citizenship and ability to perform the work under the contract;
- Provides for the assessment of cost realism and reasonableness in a bid evaluation. No longer will artificially low bids have an advantage in winning government contracts;
- Requires a “proof-of-need” analysis for procurements over \$15 million at the start of the procurement process;
- Eliminates complex resident bidder preferences;
- Brings Nebraska law into alignment with federal standards for grant and cooperative agreement administration.

LB 461 is the result of interbranch collaboration starting with the LR 29 special investigative committee in 2021. The LR29 committee examined the State’s privatization of child welfare services generally and the procurement of child welfare services specifically. In 2022, LB 1037 became law and directed the Department of Administrative Services (DAS) to commission an independent, comprehensive, expert

evaluation of Nebraska's procurement process, and make recommendations for changes. After consulting with Speaker Arch, DAS engaged Ikaso Consulting, a national firm with expertise working with ten other states on procurement reform efforts, to conduct its study.

Ikaso reviewed procurement statutes, policies, and practices to help the State improve the procurement process. Ikaso's report made a total of 34 recommendations, including legal, administrative, and operational changes. LB 461 contains all legislative procurement recommendations in the Ikaso report. Additionally, DAS administratively implemented numerous policy recommendations, including increased training and a revised protest process in calendar year 2023. In all, 33 of the 34 Ikaso report recommendations have been adopted by the State as part of its reform effort.

Speaking on LB 461, Unicameral Speaker John Arch stated "LB 461 is the result of years of work to improve the State's procurement process in the wake of numerous failed contracts over several administrations. I appreciate Governor Pillen and DAS's support for necessary reforms that will support sound decision making going forward."

DAS Director Jason Jackson said, "Nebraskans can now be confident that State procurement is looking at value, not wasting money on low bidders that can't deliver. I want to thank Speaker Arch for his statesmanship and leadership in making procurement reform a priority."

DAS Materiel Administrator Amara Block stated, "Our reform efforts have laid the foundation to make Nebraska's procurement system a national leader."

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