

**TO:** The Governor, the Speakers of the Senate and the House of Representatives, the Chairs of the Committees on Government Operations, and the Procurement Commission

**FROM:** Mike Perry, Chief Procurement Officer

**DATE:** March 22, 2019

**SUBJECT:** **Remanufactured Office Goods Report**

This report, as required by Tenn. Code Ann. § 12-3-806, provides an overview of remanufactured office goods purchased by the State. The majority of remanufactured office goods purchased by the State are purchased by State agencies off of the Statewide Contract for office supplies and are for remanufactured ink, toner, drums, developers, and belts. Please note that any office goods that qualify as being energy efficient are not included in this report, as those are included in the Department of General Services’ Annual Report on Energy-Efficient Purchasing.

**Total Spend:** Please see chart below for a summary of the total spend for remanufactured office goods. The line item detail for these purchases are attached to this report.

Fiscal Year	Total Spend
2015-16	\$ 145,321.81
2016-17	\$ 595,974.93
2017-18	\$ 120,676.04
	<b>\$ 861,972.78</b>

**Issues and Areas for Improvement:** The Central Procurement Office is considering ways to capture future cost savings from using the remanufactured goods as compared to the “new” functional equivalents. The first step is to clearly identify what qualifies as a “remanufactured office goods” as this is not explicitly expressed. Once clearly defined, any contracts that include remanufactured office goods in the scope may include additional contract terms and reporting requirements that would assist in capturing the cost savings data.

An additional area for improvement is to have more clarity in assessing the costs and benefits of procuring remanufactured office goods versus new office goods, taking into account the many factors unique to each procurement such as the industry, manufacturers, existing warranty agreements, technology changes, etc. One area of improvement for applicable contracts could be to seek industry

expertise on potential items or categories where the State should be purchasing remanufactured goods instead of newly produced goods. In addition, the CPO could explore opportunities to incentivize suppliers to provide remanufactured options.

Please do not hesitate to contact me at 615-741-3625 if you have any questions.