

Procurement Thresholds Reimagined:

Implementing the Ideal Approach for Your Government

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Peer Roundtable | November 18, 2025

Your PEN Facilitators



Maya Wilson
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In the chat, please share **your name and government!**

How can you engage in this session?



Please use the
“Raise Hand”
function on Zoom

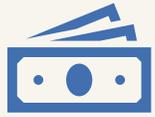


Look out for
**discussions and
resources**
in the Zoom chat



Join in the
**conversation via
chat** and connect with
a peer!

During this peer roundtable, participants will:



Reflect on the importance of purchasing thresholds in public procurement, exploring benchmarking trends from peer governments.



Discuss the importance of regularly assessing thresholds to maintain a balance between efficiency and oversight.



Explore common signals thresholds might need re-evaluating—and strategies to develop, test, and shape recommendations.



Glean lessons learned from peer governments that successfully modernized thresholds.

Setting the Stage:
*The Role of Purchasing Thresholds
in Public Procurement*

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Why Purchasing Thresholds Matter in Public Procurement

“

“As stewards of public funds, we can’t go rogue — **thresholds give us the controls we need to manage taxpayer dollars responsibly.**

They help us stay accountable, but should adapt to changing times, so that governments can make thoughtful, progressive decisions for our communities.”

”

Angelica Mata

Assistant Finance Director

City of San Antonio

What are purchasing thresholds?

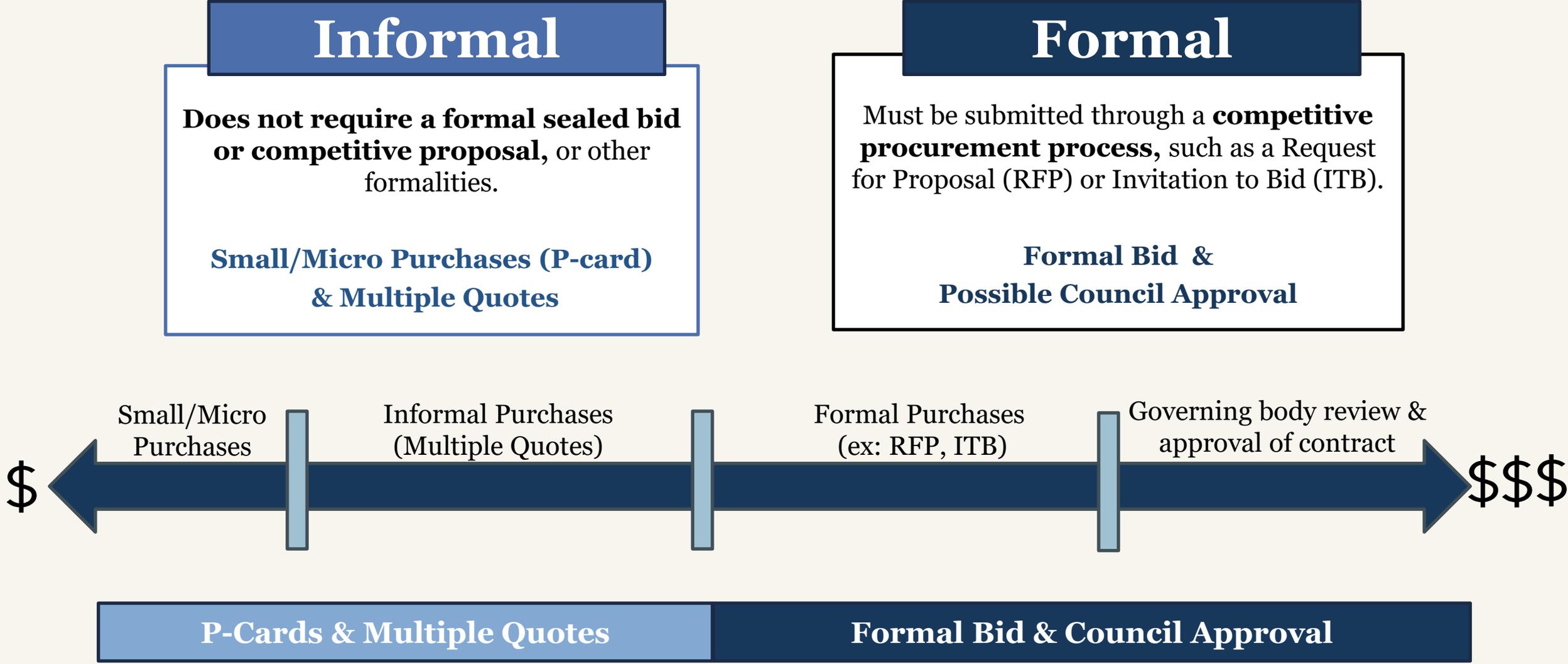
Procurement thresholds are the dollar-value limits that determine which purchasing procedures a public agency must follow when acquiring goods, services, or construction.

Determines when competition is required

Identifies contract approval authority & the role of central procurement/legislative entities

Defines levels of purchasing risk tolerance and acceptance

Example Purchasing Thresholds in Public Procurement



PEN Member Survey: *Insights from peer governments and public agencies on purchasing thresholds policies*



53%

Purchasing thresholds were updated in the past 5 years



68%

Require legislative approval for contracts \$100,000 and above



95%

Do not have a policy that mandates re-evaluation of threshold limits regularly.

PEN Poll



**When is the last time
your government
adjusted its
purchasing
thresholds?**



**Is there a policy that
mandates that your
government re-evaluate
threshold limits at
regular intervals?**

Why should governments modernize thresholds?

Benefits

Administrative Efficiency:

Raising thresholds reduces time on low-risk purchases, shifting focus to larger, complex procurements.

Adaptation to Inflation:

Prevents thresholds from becoming obsolete as costs of goods/services rise.

Improved Responsiveness:

Enables agencies to meet operational needs faster for routine purchases.

Risks or Drawbacks

Reduced Oversight and Transparency:

Higher thresholds may limit public visibility and competitive scrutiny for broader set of purchases.

Perception of Reduced Accountability:

Governing bodies may hesitate to relinquish control to uphold fiduciary duties.

Small & Local Business Impact:

Raising thresholds may limit opportunities for smaller vendors who rely on formal bid openings to compete on a level playing field.

Taking Action:
*A Framework to Advocate for
Procurement Threshold Reform*

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Barriers to Taking Action

Building Buy-in with Key Stakeholders

Perception of Loss of Oversight

Vendor Participation Goals

Political Climate

Staffing & Workload Capacity

**What other barriers or concerns are coming to mind?
How have you or how might you address these challenges?**

Perspectives from San Jose, CA: City Manager advocated for updates with a *(data)* assist from Procurement!

Case Study: San Jose, CA

Challenge: To address slow cycle times, the City Manager suggested raising the informal threshold from \$10,000 to \$25,000, in line with the thresholds of some other cities.

Action: Central procurement facilitated an analytics exercise to provide their perspective, raising the informal threshold to \$25,000 would only impact a small number of contracts.

Key Outcomes: The informal threshold was raised to \$15,000. Currently, the City of San Jose is processing POs under \$15,000 in 7 days!

Best Practices

- **Data is a mirror:** Take time to analyze your data, and it will show what is or is not happening! Make informed decisions, not arbitrary guesses!
- **Make Incremental Changes:** Be tactical when shifting policy – balance risk vs. reward – *where can you see the most efficiency impact?*

Advocating for threshold changes can be tricky, but not impossible – **consider this framework!**

[Step 1]

Develop a
Hypothesis

[Step 2]

Investigate and
validate
hypothesis with
data

[Step 3]

Make a
recommendation
& build buy-in



[Step 1] *Begin by developing your hypothesis for change*



Identify Inefficiencies: Are there anecdotal impressions or patterns of bottlenecks that could indicate thresholds are a barrier?



Define the Challenge: What is the perceived impact of these bottlenecks, and can they be supported—or *challenged*—by data?



Establish Reform Goals: Is there a specific change or outcome you're trying to make that can lead to procurement efficiency?

Business as usual or signals for a threshold reset?

Compliance Oversight

Lack of Economic Adaptation

Reliance on Sole Source Agreements

Reduced Vendor Competition

Legislative Bottlenecks

Increase in Short-Term Contracts for Critical Services

Multiple Purchases at the threshold limit

Extended Cycle Times

Frustrated User Departments

Increase in Cooperative Agreements

Administrative Overload

What other pain point signals are present in your procurement process?



**In your opinion, do
you believe that your
government's
purchasing
thresholds are set at
the right level?**

[Step 2] *Validating your Hypothesis with Data*



Collect Stakeholder Feedback: Which stakeholders (*internally and externally*) can help add critical context about the challenge, impact, and reform goal?



Pick the “Right” Indicators: What data is accessible, meaningful, and accurate that can provide answers?



Validate your Hypothesis: Does the data support your hypothesis and justify a need for shifting thresholds?

Leverage data to clarify your challenge & champion for change!

Procurement KPI's

- ✓ Cycle Times
- ✓ Previous Fiscal Year Spend
- ✓ Total # of purchases
- ✓ Procurement staff work distribution
- ✓ Spend by purchasing types
- ✓ Benchmark data from peer governments

Procurement Process Feedback

- ✓ Do user departments believe the purchasing process is efficient?
- ✓ Are vendors facing challenges doing business with your government?
 - ✓ Where in the process are they experiencing challenges?
 - ✓ How are they impacted by the challenge?

Public Procurement Benchmarking – Purchasing Thresholds



<i>Procurement Methods</i>	Commodities		Services	
	Median	Std Deviation	Median	Std Deviation
Small/Micro Purchases	\$7,000	\$12,406	\$7,000	\$15,071
Informal Purchases	\$25,000	\$61,412	\$25,000	\$59,623
Formal Purchases	\$50,000	\$220,443	\$50,000	\$80,730
Governing Body Approval	\$181,880	\$622,719	\$191,160	\$674,014

[Step 3] *Build support, make your case, drive change!*



Develop Recommendations: How can you develop a compelling narrative that shares your validated hypotheses, proposed change, while addressing perceived risks?



Build-Buy In: Which internal and external stakeholders can serve as ambassadors and champions to help advocate for change?



Share Your Vision: Is your vision clear, and do you have a strategy to communicate the proposed change?

Peer Government Case Study:

*How the City of Detroit
Successfully Modernized
Purchasing Thresholds*

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City of Detroit, MI: Threshold Reform in Action (2024)

Challenge

The City Council required approval for all contracts over \$25,000 which resulted in an average review of 2000 contracts per year. The CPO aimed to:

- **Shift focus to high-dollar, high-impact contracts**
- **Increase opportunities for local and small businesses** to work with the city
- **Streamline cycle times of lower-dollar & micro purchases**

Barriers to Action

- **Perception of Loss of Oversight:** Bankruptcy in the last decade led to the City implementing controls (*i.e., created CFO, centralized procurement function, updated ERP system*)
- **Complex Political Climate:** City Council felt proud of its role as fiscal stewards and hesitant to reduce any oversight

City of Detroit, MI: The Impact of Threshold Reform

Actions Taken

- Increased the micro-purchase threshold from **\$2,000 to \$5,000**.
- Expanded the informal purchase threshold from **\$10,000 to \$50,000**.
- Updated policy to allow for delegated council approval for formal contracts between **\$50,000 and \$150,000** (and up to \$250,000 for certified Detroit businesses).

The Impact They Saw:

Since the threshold change, **65 contracts were approved administratively**. *50% of those projects went to local Detroit vendors.*

Amended the threshold ordinance to adjust for inflation **every 5 years**.

Advice & Learnings from CPO, Sandra Yu Stahl

Show Your Work

- Don't rely only on threshold changes as the sole solution!
- Identify and implement process improvements that work in tandem with proposed threshold shifts.

Clarify the “Why”

- Align “ask” with city priorities or initiatives that stakeholders care about!
- Highlight impact of the reform and opportunities it will create.

Take Accountability

- Recruit legislative and operational champions
- Share data to validate “theory of change” and trends over time to maintain transparency.

Pro-Tip! Leverage PEN Resources & connect with members to explore best practices and benchmark threshold data across peer governments.



Any questions?

Advocating for threshold changes public procurement can be tricky, but not impossible – **remember this framework!**

[Step 1]

Develop a Hypothesis

1. Identify Signals
2. Define the Challenge
1. Establish Reform Goals

[Step 2]

Investigate & validate hypothesis with data

1. Collect Stakeholder Feedback
2. Pick the “Right” Indicators
3. Validate your Hypothesis

[Step 3]

Make a recommendation & build buy-in

1. Develop Recommendations
2. Build-Buy In
3. Share Your Vision



So, now what?: *Once you adjust thresholds, the work is just beginning!*



Establish Clear Procedural Guidance: Update policies, staff trainings, and other useful materials that clearly outline changes to workflows for each threshold type.



Monitor Post-Change Effects: Track outcomes like processing times, cost savings, audit findings, and local vendor spend. *Has the reform goal been achieved, or are the inefficiencies still present?*



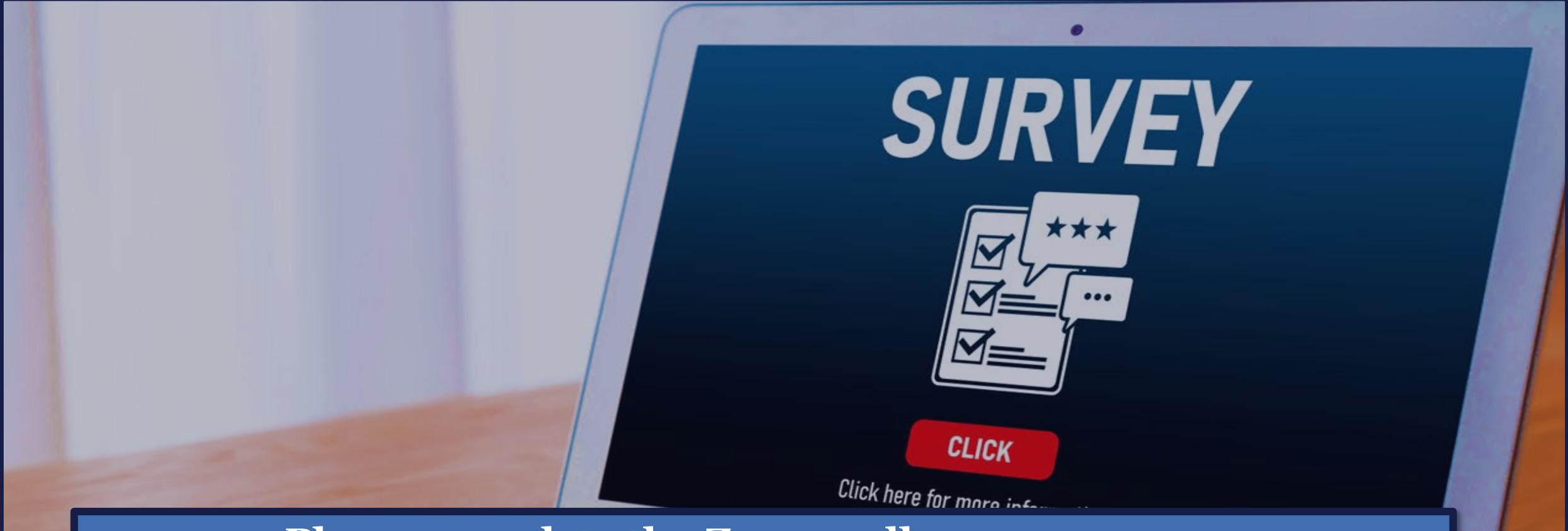
Share Data Openly: Publish purchase data on websites or in reports— *even for informal procurements*— to retain confidence from stakeholders!

Wrap-up & Takeaways

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Your Feedback Matters: Event Experience Survey



**Please complete the Zoom poll on your screen.
Your feedback is anonymous!**

Procurement Excellence Network: Become a Member!

The screenshot shows the Procurement Excellence Network website. At the top left is the logo 'PROCUREMENT EXCELLENCE NETWORK'. To the right is a navigation menu with links for 'About', 'Resources', 'Events', 'FAQ', 'Contact', and 'Search'. A circular 'MEMBER SIGN IN' button is also visible. The main headline reads 'When procurement works, communities thrive' with a 'Become a Member' button below it. Below this is a banner with three circular images of cityscapes. The sub-headline is 'Embark on a Procurement Excellence Journey with PEN'. Three key features are highlighted with icons: 'Community of Peers' (a circle icon), 'Model Templates & Tools' (a starburst icon), and 'Free Coaching' (a double-line icon). Each feature includes a brief description and a link to the corresponding resource.

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About Resources Events FAQ Contact Search

MEMBER SIGN IN

When procurement works, communities thrive

Become a Member

Embark on a Procurement Excellence Journey with PEN

Community of Peers
Connect with 2,400+ innovators at the local, state, and federal level to replicate best practices
Member Directory →

Model Templates & Tools
Access exclusive resources such as process maps, evaluation forms, and more
Resource Library →

Free Coaching
Receive support from experienced advisors to help guide you through a procurement challenge or reform
Request Coaching →

The Procurement Excellence Network has connected **2500+ government staff from 900+ unique jurisdictions** to procurement resources, best practices, and community support.

- ✓ Attend monthly **virtual webinars**
- ✓ Access over **80+ resources**
- ✓ Connect with peers in our **Member Directory!**
- ✓ **Community Conversations** Dashboard



Resources: Check out these FREE publications and templates!

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→ QUICK READ



Are Procurement Thresholds Slowing You Down?

Authors: Shylah Duchicela, Amanda Jaffe, Laura Merryfield, Hope Patterson
Contributors: Maja Gray, Elena Hoffnagle

INTRODUCTION

In most governments, different purchasing rules apply depending on the dollar value of the purchase. Purchasing thresholds are often used to set the limits that group purchases into different categories: for most governments, more stringent procedures apply to large-dollar purchases than to smaller ones, which are more informal. Purchasing thresholds help procurement staff understand which set of rules apply to a given purchase.

We categorize purchases into two types:

- An **informal purchase** is a competitive bid, price quote, or proposal that does not require a formal sealed bid or proposal, public opening, or other formalities. Some governments have two thresholds for informal purchases: one category in which staff can use a purchasing card (P-card), or something similar, to make the purchase themselves directly with a supplier, and another which requires staff to gather multiple price quotes or hire from a pre-approved bench of vendors.

Are Procurement Thresholds Slowing You Down? | Quick Read | 1

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→ HOW-TO GUIDE



Using Data to Improve Procurement Operations and Outcomes

Authors: Kailey Burger Ayogu and Rebecca Graffy
Contributors: Elena Hoffnagle, Danielle Kavanagh-Smith, Laura Merryfield, and Hope Patterson

IN THIS HOW-TO GUIDE YOU WILL:

- Learn how to start using data to track the effectiveness of procurement operations, which can result in overall improvements to how contracted services are delivered
- Review common key performance indicators used by purchasing offices
- Understand how to discuss these metrics regularly within your purchasing team and how to use them as a tool to elevate challenges and opportunities to leadership

INTRODUCTION

Government officials, the vendors they work with, and even the public often complain that government procurement is “too slow,” “too bureaucratic,” and “ineffective.” For procurement officials interested in reform, it is hard to know where to begin with just these anecdotal impressions. Diagnosing bottlenecks in the procurement process, understanding where contract outcomes can be improved, and prioritizing systemic challenges require the kind of clarity provided by data. Procurement data is foundational to running an efficient, effective, proactive, and strategic purchasing office.

Using Data to Improve Procurement Operations and Outcomes | How-To Guide | 1

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→ QUICK READ



Gathering Feedback from Internal Customers via Surveys

Author: Rebecca Graffy and Damonique Sonnier
Contributors: Elena Hoffnagle, Charles Kargman, and Hope Patterson

FEEDBACK IS A CALL TO ACTION

Are you interested in improving how your purchasing office operates? Gathering feedback from your internal collaborators—customer departments, finance, legal, and others—can help surface bottlenecks and inefficiencies in the procurement process and enable you to better understand how these key stakeholders experience the procurement journey. Surveys can also help you track progress over time, while signaling that you are committed to continuous improvement and to building trusting relationships with collaborators.

Feedback isn't always easy to ask for, but it is a gift to receive. It requires your customer departments taking time out of their busy days, if only for a few minutes, to think about how you can improve. For customer departments to be invested enough in improving procurement operations to give you candid, actionable feedback, they need to believe it will be well-received and that it will lead to change. Surveys elicit the best feedback when the purchasing office also establishes a culture of open communication, a willingness to participate in challenging conversations in good faith, and a commitment to making change based on the feedback received.

Gathering Feedback from Internal Customers via Surveys | Quick Read | 1

Stay Engaged: Get involved in PEN Offerings!

Participate in our next **PEN Events** **Focus Group!**

- ✓ PEN is planning for 2026 events and cohort-based learning opportunities. Share your insights to inform future event topics!
- ✓ Express interest in participating by sharing a “👍” in the Zoom chat!

New Event: Join us for our next PEN webinar!

Project Showcase: Advancing Job Quality Through Procurement



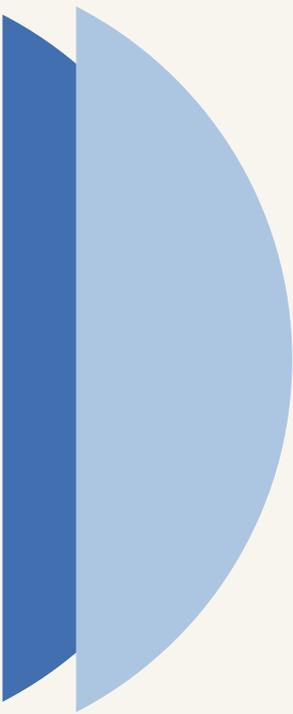
Join us for a special event highlighting how local governments are using procurement as a powerful lever to expand access to high-quality jobs.

Explore case studies from three peer governments: Cleveland, Pittsburgh, and San Antonio.

December 10 | 3-4pm ET

Register

Don't miss PEN's last event of 2025!



Purchasing Thresholds Reimagined

Post-Event Discussion

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Peer Roundtable | November 18, 2025

Post-event Discussion: Questions from Attendees

Vendor Competition

After increasing purchasing thresholds, has your government seen a shift in vendor competition?

Market Inflation

Has your government considered adjusting thresholds in alignment with inflation?



Appendix

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Resource: [March 2025] Public Procurement Benchmark Report



The **Institute for Public Procurement**, in collaboration with **NIGP Consulting**, commissioned Dr. Mohamad Alkadry of the University of Connecticut to survey public procurement entities in the United States and Canada, gathering data on common practices in the field of public sector procurement.

751 respondents replied to the survey.

Q. How centralized is the procurement function in your entity?

	Frequency	Percent
Procurement is fully centralized (No delegation of authority)	108	16.4
Procurement is primarily centralized but some delegated procurement authority	382	57.9
Procurement function is primarily decentralized with some centralized functions (policy, compliance, training, etc.)	149	22.6
Procurement function is fully decentralized	10	1.5
Other	11	1.7
Total	660	100.0

Q. Does Procurement have a formal procurement policy?

	Frequency	Percent
No	7	1.6
Yes, updated at least once every 5 years	345	78.2
Yes, but has not been updated in more than 5 years	89	20.2
Total	441	100.0

Q. Does Procurement have a Formal PCard program policy?

	Frequency	Percent
No	58	13.2
Yes, updated at least once every 5 years	318	72.4
Yes, but has not been updated in more than 5 years	63	14.4
Total	439	100.0

Q. What is the defined dollar level of authority/contract signing authority for the top procurement executive?

	Frequency	Percent
0	46	18%
40,000	60	24%
80,000	21	8%
120,000	18	7%
160,000	7	3%
200,000	47	19%
360,000	8	3%
520,000	12	5%
680,000	1	0%
1,000,000	31	12%
Total	251	100%

Q. Dollar Threshold: What dollar amounts are established for your entity’s procurement sourcing/tendering thresholds

	N	Mean	Median	Std. Deviation
Formal \$ Threshold for Commodities	392	\$ 86,710	\$ 50,000	\$ 220,443
Formal \$ Threshold for Services	384	\$ 78,140	\$ 50,000	\$ 80,730
Formal \$ Threshold for Construction	359	\$ 130,899	\$ 50,000	\$ 561,013
Formal \$ Threshold for Design/Professional Services	328	\$ 70,709	\$ 50,000	\$ 82,070
Informal \$ Threshold for Commodities	379	\$ 46,415	\$ 25,000	\$ 61,412
Informal \$ Threshold for Services	365	\$ 46,233	\$ 25,000	\$ 59,623
Informal \$ Threshold for Construction	334	\$ 60,936	\$ 25,000	\$ 200,601

Q. Dollar Threshold: What dollar amounts are established for your entity's procurement sourcing/tendering thresholds

	N	Mean	Median	Std. Deviation
Informal \$ Threshold for Design/ Professional Services	306	\$ 46,198	\$ 25,000	\$ 64,936
Small/Micro \$ Threshold for Commodities	356	\$ 10,460	\$ 7,000	\$ 12,406
Small/Micro \$ Threshold for Services	341	\$ 11,284	\$ 7,000	\$ 15,071
Small/Micro \$ Threshold for Construction	310	\$ 11,616	\$ 5,000	\$ 16,995
Small/Micro \$ Threshold for Design/ Professional Services	289	\$ 13,736	\$ 5,000	\$ 21,009
Threshold to require governing body approval for commodities	370	\$ 181,880	\$ 50,000	\$ 622,719
Threshold to require governing body approval for Services	368	\$ 191,160	\$ 50,000	\$ 674,014
Threshold to require governing body approval for Design/Professional Services (A/E)	355	\$ 177,611	\$ 50,000	\$ 600,323
Threshold to require governing body approval for Construction	348	\$ 254,469	\$ 50,000	\$ 916,382