Improving Competition for Temporary Staffing Services in Minneapolis, Minnesota

A view of downtown Minneapolis (photo credit: Steven Gaertner, iStock.com)

As part of Bloomberg Philanthropies' What Works Cities initiative, the Government Performance Lab provided pro bono technical assistance to help Minneapolis track outcomes across staffing agencies and consolidate its contracts with temporary staffing agencies.

The Challenge: Every year the City of Minneapolis has temporary staffing needs that arise from a variety of circumstances, from unexpected staff absences to surge capacity to support city services during special events like the 2018 Super Bowl. City departments employ temporary staffing agencies to fill these transient roles, maintain critical operations and services, and deliver against the City's strategic goals. Historically, city departments independently contracted consultants to meet their needs. Departments could quickly access the services of staffing agencies with which they worked previously but were often unaware of other agencies that were working with different departments, their comparative pricing, and the outcomes they were producing. As a result, the City had an incomplete view of spending on temporary staffing contracts and no common framework for assessing the performance of these contracts.

Applying Results-Driven Contracting Strategies: To improve the cost-effectiveness of temporary staffing services, the GPL and Minneapolis:

1) **Identified the goals of temporary staffing services and established a common framework to track the performance of staffing agencies.** The GPL met with several temporary staffing agencies to learn how they internally define and measure success in their engagements with clients. Minneapolis then convened an inter-departmental working group comprised of the City's highest-spending departments on temporary contracting services to

determine how to define and measure success in temporary staffing. The following goals for temporary staffing were established:

 a. Identification of motivated and qualified candidates for placement

 b. Timely candidate placement

 c. Minimal onboarding time and continued support for temporary personnel

 d. Successful first-time placement—the first temporary staff selected remains with the City through the agreed-upon end date

 e. Fulfillment of performance expectations and contributions to effective operation of city departments and achievement of department goals

 f. Creation of a diverse city workforce that represents the community it serves.

The inter-departmental working group developed a set of metrics that could be tracked across all of the City's staffing contracts to assess agencies' performance against these goals.

2) **Consolidated and centralized contracts through a results-driven Master Request for Proposals (RFP).** To improve visibility, competition, and price transparency in temporary staffing services, the procurement division decided to centralize all staffing contracts by releasing an RFP for a temporary staffing master contract. This RFP would create a pool of qualified staffing agencies from which user departments could select to meet their staffing needs. The City incorporated the following features of the RFP to improve service outcomes:

 a. Requesting that bidders describe how they have defined and measured their success in past engagements and requiring them to share their performance record on those metrics over the last 2-3 years; this helped the City refine its list of performance indicators and compare the performance of bidders that use the same success metrics

 b. Requiring staffing agencies and city staff to generate performance data about each staff placement

 c. Requesting details on pricing and temporary staff compensation for the positions most commonly needed by the City in a standard form to allow for cost comparison across respondents

 d. Stipulating that the City would actively share performance assessment data and communicate with selected staffing agencies to identify opportunities for continuous improvement over the course of the contract

 e. Establishing a business process by which city staff would consider past performance data, comparative pricing, and utilization when selecting an agency to meet their staffing need.

The Results: Minneapolis received 19 responses to the RFP from a variety of bidders, ranging from large firms with more than $500 million in annual revenue to small, local, and/or minority-owned firms. The City selected seven highly-qualified firms that also contribute to the City's supplier diversity goals. All seven firms were awarded contracts of comparable value, equivalent to 50% of the total expected expenditures over the three-year contract. The City will extend the contracts of the most cost-effective firms for the remaining 50% of expenditures based on a review of the performance data collected under the contract. Additionally, based on the GPL's analysis of historical contracting data and the cost proposals of the selected temporary staffing vendors, the new contracts have the potential to reduce costs by up to 20% while improving temporary staffing services outcomes.