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Public Procurement under Tariffs and Global Uncertainty:

**PERSPECTIVES FROM STATE AND
LOCAL PURCHASING PROFESSIONALS**

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Executive Summary

The paper presents findings from semi-structured interviews with 30 public procurement professionals in state and local agencies in the U.S. in the fall of 2025. The goal was to determine the extent to which respondents perceived impacts from recent U.S. tariffs on the contracts they issue and manage, and to identify promising practices for navigating tariffs and related uncertainties.

The results generally suggest that tariffs are impacting aspects of procurement at the state and local levels, but their effects are largely localized to product and service categories affected by recent tariff policies. A substantial portion of the respondents indicated no perceived effects of tariffs at all. Inflation and rising labor rates were also noted as affecting pricing and delivery reliability, indicating that economic factors beyond U.S. tariff policies are contributing to current uncertainties surrounding public procurement.



Promising practices for dealing with tariffs and related uncertainties were identified as:

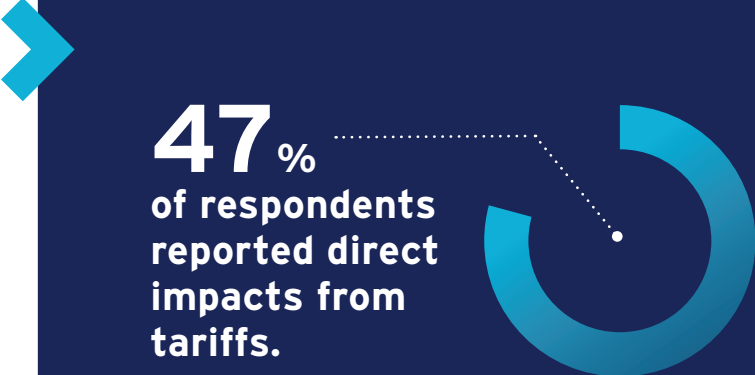
- 1.** increased supply chain visibility discerned prior to contract award,
- 2.** issuing multiple awards for the same products and services,
- 3.** purchasing from cooperative contracts to improve reliability and reduce transaction costs,
- 4.** facilitating within and out of contract communications with vendors to identify and respond to market trends, and
- 5.** developing pass-through and price adjustment policies to clearly delineate the conditions under which vendors may request price increases in advance.

A summary observation is that managing such uncertainties increases the administrative time and resources required of contract management and places more pressure on procurement procedures and systems that emphasize certainty and control to accommodate flexibility and adaptability.

Key Takeaways

State of Public Procurement

- **There is widespread concern that vendors are increasingly requesting price escalations and adjustments on existing contracts compared to prior years.** This trend suggests that pricing uncertainty that emerged during the COVID-19 public health crisis continues to persist in many areas.
- **This ongoing price volatility creates challenges for procurement budgeting,** as costs may fluctuate throughout the fiscal year, and emerging cost overruns may not be anticipated at the beginning of the budget planning process.
- **As a result, procurement practices are shifting.** Agencies may accelerate or delay purchases of critical items, such as fleet vehicles or furniture, based on availability rather than planned need, often buying in bulk when products become available.
- **There is also broad concern regarding contractor reliability, particularly in meeting deadlines.** Many procurement professionals report that scheduled delivery dates cannot consistently be relied upon.
- **While tariffs were identified as a factor affecting pricing and availability in certain product categories, only about half of respondents reported direct impacts.** This suggests that tariff-related disruptions are significant but highly localized, affecting specific goods and procurement contexts.
- **In addition to tariffs, inflation and rising labor costs are widely cited** as key drivers behind vendor requests for price increases on existing contracts.
- **There is a broad perception that procurement systems have not adapted to increasing uncertainty,** particularly through greater use of flexible contracting mechanisms (e.g., cost-plus contracts or similar structures that accommodate price and delivery variability), though many respondents noted revisions to their price adjustment policies. As a result, ongoing changes in pricing and delivery schedules are increasing transaction costs for procurement officers.



47%
of respondents
reported direct
impacts from
tariffs.

“When the tariffs hit, many of our term contracts were affected, and vendors could no longer provide the locked-in pricing they had before. Now, some are canceling orders they cannot fulfill, or the items are on indefinite back order.”

(Purchasing Manager from a State Agency)

Strategies for Dealing with Contemporary Uncertainties



Require vendors to disclose supply chain information, including reliance on foreign inputs and whether products are manufactured abroad, along with countries of origin.

In some cases, these disclosure requirements are tied to state laws that restrict purchases from specific countries.



Use multiple-award contracts for critical goods and services to reduce reliance on a single supplier and mitigate supply risk.



Leverage cooperative purchasing contracts to work with pre-vetted vendors and reduce the need for contract modifications.



Facilitate communication with vendors outside of formal contracting processes, including vendor conferences, pre-solicitation meetings, and industry engagement sessions to improve supply market intelligence to better anticipate and respond to market changes.



Clarify and update policies on price escalations and adjustments, including clearly communicating justification requirements to vendors prior to contract award.



Promote peer-to-peer networking through professional associations and conferences, enabling procurement officers to share strategies and learn how others are managing uncertainty.

“We have had some vendors claim that their prices are increasing because of tariffs. They sometimes use it as an umbrella explanation. We know inflation is rising too, so we often have to ask whether it is truly a tariff issue or simply a general price increase.”

(Director of Purchasing from a School District)

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This research is made possible through the generous support of OMNIA Partners, Official Research Sponsor of the 2025 Center for the Advancement of Research and Excellence Call for Research. NIGP values their partnership and shared commitment to advancing knowledge, excellence, and impact in public procurement.