

**Summary of Consolidated Purchasing
Arrangements, Shared Service Arrangements and
The Efforts of School Corporations to explore
Cooperatives, Common Management,
Or Consolidations as reported
By Education Service Centers and School Corporations
For the 2013-2014 school year**

**Indiana Department of Education
October 2014**

Introduction

In accordance with I.C. 20-42.5-3-3, the State Board of Education is required to submit a report no later than November 1st of each year to the state superintendent, governor, and the Indiana General Assembly concerning:

- 1) Consolidated purchasing arrangements used by multiple school corporations, through educational service centers, and throughout Indiana;
- 2) Shared service arrangements used by multiple school corporations, through education service centers, and in Indiana as a whole; and
- 3) The efforts of school corporations, to explore cooperatives, common management, or consolidations.

The Department of Education "Department" conducts the annual survey and collects and reports the data supplied from public school corporations and education service centers. The time frame for collecting data for schools and education service centers is the same and the information is based on 2013-2014 school year. Summary information provided in the surveys is included in the framework of this report. Surveys covered the three required statutory elements of consolidated purchasing arrangements, shared service arrangements, and efforts of school corporations to explore certain areas, and the results are analyzed in separate sections.

The respondents were only asked three questions related to the purchasing survey for the 2013-2014 school year.

➤ SCHOOL CORPORATION SURVEY RESULTS

Introduction

The first part of the report analyzed Indiana school corporations' use of consolidated purchasing arrangements, shared services arrangements, and efforts to explore cooperative purchases. The Department posted a survey consisting of three multi-part questions asking respondents to answer whether or not they had undertaken any of the individual opportunities listed. If they responded with a yes, they were asked to provide information concerning the activity and possible savings realized from the activity. The questionnaire addressed the same 3 areas targeted in the education service center survey of purchasing, shared service practices, and efforts to further explore purchasing or service options. School corporations, both public and charter, were asked to respond with information about activities that were undertaken *excluding* activities through education service centers.

Approximately 256 of Indiana's 374 school corporations and charter schools responded to the on-line survey.

Question 1 – School Corporations – Member Information

The first question asked whether or not a school was part of a formal education service center, special education, vocational education, insurance trust, fuel consortium, or energy consortium. If the school corporation was a member of a consortium, the question asked whether there was an ADM or other fee associated with membership.

Question 1A – This question asked school corporations whether or not they belonged to a special education cooperative. For 2013-2014, of the 256 respondents, 197 respondents, or 76.95% stated they participated in a special education cooperative. In the 2012-2013 survey, of the 239 respondents, 189 respondents, or 79%, stated they were members of a special education cooperative.

Of the school corporations participating in a special education cooperative, the fee is a flat fee per student or an annual fee. The following fee breakdown was provided:

- Twenty-three school corporations reported fees per student that were between \$0 and \$10 in 2013-2014 compared to 21 in 2012-2013.
- Five school corporations reported fees per student that ranged between \$10 and \$25 in 2013-2014 compared to 4 in 2012-2013.
- Fifty-three school corporations reported fees per student that was greater than \$25 per student in 2013-2014 compared to 44 in 2012-2013.
- Twenty-two school corporations reported an annual fee between \$0 and \$1000 to participate in a special education cooperative in 2013-2014 compared to 18 in 2012-2013.
- Ninety-four school corporations reported an annual fee of more than \$1000 to participate in a special education cooperative in 2013-2014 compared to 102 in 2012-2013.

Total annual savings reported for school corporations participating in a special education cooperative was estimated at \$30,129,372 in 2013-2014 compared to \$28,083,371 in 2012-2013.

Question 1B - The second part of Question 1 asked school corporations whether or not they belong to a vocational education cooperative.

Of the responding school corporations, 203, or 79.3%, reported that they participated in a vocational education cooperative in 2013-2014 compared to 197, or 82.4%, in 2012-2013. For school corporations that were a part of a vocational education cooperative, the membership fee or cost is typically based on a fee per student or an annual fee. The following fee breakdown was provided:

- Nineteen school corporations out of 256 reported a fee per student that ranged from \$0 to \$10 in 2013-2014 compared to 20 school corporations in 2012-2013;
- Eight school corporations reported a fee per student that ranged from \$10 to \$25 in 2013-2014 compared to 5 school corporations in 2012-2013;

- Eighty-three school corporations reported a flat fee per student that was greater than \$25 per student in 2013-2014 compared to 76 school corporations in 2012-2013;
- Sixteen school corporations reported an annual fee that ranged from \$0 to \$1000 to participate in a vocational education cooperative in 2013-2014 compared to 15 school corporations in 2012-2013; and
- Seventy-seven school corporations reported an annual fee of more than \$1000 to participate in a vocational education cooperative in 2013-2014 compared to 81 school corporations in the 2012-2013 survey.

Total savings reported for those school corporations participating in a Vocational Education Cooperative was estimated at \$23,755,623 in 2013-2014 compared to \$21,221,500 in 2012-2013.

Question 1C- The third part of Question 1 asked school corporations whether or not they were a member of an Educational Service Center.

Of those school corporations responding, 210, or 82% respondents reported that they were a member of one of the nine regional Education Service Center in 2013-2014 compared to 202, or 85%, in 2012-2013.

For school corporations that were a part of an Education Service Center, the membership fee or cost was typically based on either a fee per student or an annual fee. The following fee breakdown was provided:

- One hundred thirty-four school corporations out of 256 reported a fee per student that ranged from \$0 to \$10 in 2013-2014 compared to 134 school corporations out of 239 in 2012-2013;
- Five school corporations reported a fee per student that ranged from \$10 to \$25 in 2013-2014 compared to 8 school corporations in 2012-2013;
- Nine school corporations reported a flat fee per student that was greater than \$25 per student in 2013-2014 compared to 11 school corporations in 2012-2013;
- Ten school corporations reported an annual fee that ranged from \$0 to \$1000 to participate in an Education Service Center in 2013-2014 compared to 8 school corporations in 2012-2013; and
- Fifty-two school corporations reported an annual fee of more than \$1000 to participate in an Education Service Center in 2013-2014 compared to 41 school corporations in 2012-2013.

Total savings reported for school corporations that participated in an Education Service Center was estimated at \$5,600,385 in 2013-2014 and at \$5,787,191 for 2012-2013.

Question 1D- The fourth part of Question 1 asked school corporations whether or not they were members of an insurance trust. One hundred forty, or 54.69% of survey respondents, answered they were a member of an insurance trust in 2013-2014 which was the same percentage compared to 128 respondents, or 54%, in 2012-2013. The trust could

be accessed through an Education Service Center or any organization that pools resources in order to obtain insurance.

For school corporations that were a part of an Insurance Trust, the membership fee or cost was typically based on either a fee per student or an annual fee. The following fee breakdown was provided:

- Eleven school corporations out of 256 reported a fee per student that ranged from \$0 to \$10 in 2013-2014 compared to 9 school corporations out of 239 in 2012-2013;
- No school corporation reported a fee per student that ranged from \$10 to \$25 in 2012-2014 which was the same result as the 2012-2013 survey;
- Four school corporations reported a flat fee per student that was greater than \$25 per student in 2013-2014 compared to 4 school corporations in 2012-2013;
- Fifty-nine school corporations reported an annual fee that ranged from \$0 to \$1000 to participate in an Insurance Trust in 2013-2014 compared to 60 school corporations in 2012-2013; and
- Sixty-six school corporations reported an annual fee of more than \$1000 to participate in an Insurance Trust in 2013-2014 compared to 55 school corporations in 2012-2013.

Total savings reported from school corporations that participated in an Insurance Trust was estimated at \$25,860,686 in 2013-2014 compared to \$22,453,006 in 2012-2013.

Question 1E- The next part of Question 1 asked school corporations to respond whether or not they were a member of a fuel consortium.

Of the responding school corporations, 15, or 5.9%, indicated that they purchased through a fuel consortium in 2013-2014 compared to 17, or 7%, in the 2012-2013 school year.

For school corporations that were a part of a Fuel Consortium, the membership fee or cost was based on either a fee per student or an annual fee. The following fee breakdown was provided:

- One school corporation out of 256 school corporations reported a fee per student that ranged from \$0 to \$10 in 2013-2014 compared to 1 school corporation in 2012-2013;
- No school corporation reported a fee per student that ranged from \$10 to \$2, which was the same result for 2012-2013;
- No school corporation reported a flat fee per student that was greater than \$25 per student in 2013-2014 and 1 school corporation reported such in 2012-2013;
- Ten school corporations reported an annual fee that ranged from \$0 to \$1000 to participate in a Fuel Consortium in 2013-2014 compared to 6 school corporations in 2012-2013; and
- Four school corporations reported an annual fee of more than \$1000 to participate in a Fuel Consortium in 2013-2014 compared to 9 school corporations in 2012-2013.

Total savings reported from school corporations that participated in a Fuel Consortium was estimated at \$680,001 in 2013-2014 compared to \$592,300 in 2012-2013.

Question 1-F The next part of Question 1 asked school corporations to respond whether or not they were a member of an Energy consortium.

Of the responding school corporations and charter schools, 94, or 36.7%, indicated that they were a member of an Energy Consortium in 2013-2014 compared to 92, or 38.5%, for the 2012-2013 school year.

For school corporations that were a part of an Energy Consortium, the membership fee or cost was typically based on either a fee per student or an annual fee. The following fee breakdown was provided:

- Thirteen school corporations out of 256 reported a fee per student that ranged from \$0 to \$10 in 2013-2014 compared to 11 school corporations in 2012-2013;
- No school corporation reported a fee per student that ranged from \$10 to \$25 in 2013-2014, which was the same result for the 2012-2013 school year;
- One school corporation reported a flat fee per student that was greater than \$25 per student in 2013-2014 compared to only 2 school corporations reporting in 2012-2013;
- Thirty-six school corporations reported an annual fee that ranged from \$0 to \$1000 to participate in an Energy Consortium in 2013-2014 and 34 school corporations in 2012-2013; and
- Forty-four school corporations reported an annual fee of more than \$1000 to participate in an Energy Consortium in 2013-2014 compared to 45 school corporations in 2012-2013.

Total savings reported from the school corporations participating in an Energy Consortium was estimated at \$2,264,572 in 2013-2014 compared to \$2,057,282 in 2012-2013.

Question 1-G School corporations that reported they were a part of a school corporation arrangement, governmental entity arrangement, or another arrangement estimated total savings at \$1,265,620, \$1,491,773, and \$1,691,510 respectively for 2013-2014 compared to \$642,693, \$1,298,725 and \$1,522,565 during the 2012-2013 school year.

Additionally, for school corporations registered at K12Indiana.com, which allows procurement through state purchasing agreements, reported savings for the 2013-2014 school year of \$1,472,338 compared to \$1,472,997 in 2012-2013.

Question 2 open-ended regarding innovative ways to reduce costs

Question 2 asked for some of the innovative ways or best practices school officials have used to reduce costs. Additionally, school officials were asked whether it was through a

consolidated purchasing agreement, share services, or cooperative agreement, school officials were asked to specify. A few of the responses are reflected below:

- Purchased energy through futures;
- Requiring staff to purchase solely through discount vendor;
- Gathering quotes through vendors;
- Fuel bid with county, city and other count schools;
- Using the CIESC statewide bus bid list;
- Energy Leadership Program
- Vehicle Fuel Purchase Program (CPAFW Coop)
- Refuse and Recycling Services (CPAFW Coop)
- Natural Gas Purchase Program (CEGG)
- Employee Online
- A/P Credit Card System
- Custodial Supplies Contract
- Outsource Custodians
- HON Furniture GSA
- Copy/print Management Program
- Procurement Card Program (State)
- Office Supply Program (CPAFW Coop)
- Volume Copier Paper Contract
- Volume Food and Commodities Contract
- Cafeteria Disposables Contract
- Bus Purchases Contract (renewal of contract)
- Beverages, Milk, Bread contract
- Logistics program (inbound freight)
- Textbook Accountability Program
- Postage Machine Contract
- Uniform Purchases Program (CPAFW Coop)
- Road Salt (CPAFW Coop)
- National Bids available to government entities
- Participating in Cooperatives
- Buying bulk
- Obtaining at least 3 quotes for many purchases
- Using efficient lighting, heating and cooling
- Office Depot National Plan –special pricing for schools
- US Communities, National Joint Power Alliance and The Cooperative Purchasing Network
- Opening an Employee Wellness Clinic
- Using state and federal funds
- Sharing teachers with other corporations
- Purchasing used computers from other schools that were upgrading systems
- Outsourcing services such as technology and repairs
- Utilizing attrition of positions and reduction of hours

- Limiting subscriptions and publications
- Implementing four-day work week during summer
- Using competitive bid process
- Using Hospital Purchasing Services, which is a consortium of schools, universities, governmental units and hospitals
- Utilizing a Health Insurance Consortium
- Sharing special education services
- Using penny saver recommendations from IASBO
- Using Quill's IAESC Procurement special pricing discounts
- Mailing services
- Participating in a medical insurance trust
- Using the Federal E-Rate program
- Using Teachers Warehouse, local not for profit that solicits donations of educational supplies for teachers for student and classroom use
- Utilizing the services of various Service Centers
- Participating in Teachers' Treasures to take advantage of monthly offers

Question 3 – School Corporation Independent Purchases

Question 3 – This question asked participants whether they purchased supplies or services independently that are available through a membership in any of the organizations listed below.

During the 2013-2014 school year, one hundred seventy- one school corporations, or 66.8%, used independent bidding to achieve better pricing compared to 85 school corporations that did not. During 2012-2013, 157 school corporations, or 66%, used independent bidding to achieve better pricing. For the 2013-2014 school year, sixty-one school corporations, or 23.8%, favorably responded to using brand preference compared to 65 school corporations, or 27%, during the 2012-2013 school year.

One hundred-two school corporations, or 39.8%, reported they negotiated pricing with the vendor using service center pricing as part of the 2013-2014 survey. In 2012-2013, 110 schools, or 46%, negotiated with vendors using Service Center Pricing to negotiate prices. Fifty-eight school corporations or 22.6% of respondents cited contractual obligations as a reason for purchasing supplies or services independently rather than through membership in an organization while 42 school corporations responded as part of the 2012-2013 that they used contractual obligations.

Twenty-five school corporations or 9.8% used teacher packaging that was available at no additional charge compared to 19 school corporations, or 8% of respondents, in the 2012-2013 school year. Teacher packing is a service provided by a few vendors that offers large discounts, free shipping, and packing of orders by teacher or classroom upon request.

Local vendor allegiance was a contributing factor for 101 school corporations, or 39.5% in 2013-2014 compared to 93 school corporations that used it during the 2012-2013

school year. For 2013-2014, the number of school corporations using the State's QPA process was 111, or 43.4%, compared to 43% of respondents in the 2012-2013 school year. Forty-four school corporations used a local government inter-local agreement during the 2013-2014 school year while only 37 school corporations, or 15%, did the same during the 2012-2013 school year.

Lastly, 197 of the respondents replied that they were registered at OneIndiana.net or K12indiana.com, which allows procurement through state purchasing agreements.

➤ EDUCATION SERVICE CENTER SURVEY RESULTS

Education Service Centers (ESC) For the 2013-2014 school year, two separate reports were filed for Education Service Centers. The first report was for Wilson Education Service Center (WESC) and the second report covered the remaining eight Education Service Centers.

WILSON EDUCATION SERVICE CENTER

Wilson Education Service Center "WESC" located in Region 2, provided information in three areas- consolidated purchasing services, shared services, and explored services for its members. Its membership includes 36 school corporations, both private and public. Additionally, 199 service centers, public, charter and private schools that are not members of WESC have participated in activities undertaken by WESC during the 2013-2014 school year.

Consolidated Purchasing Sales

Consolidated purchasing sales for Region 2 totaled \$34,088,398 for 2013-2014 compared to \$18,950,916 for 2012-2013 with the majority of purchases coming from school buses at \$11,763,430, computer equipment at \$7,907,885 and classroom supplies at \$4,145,483, which made up 69.87% of the total. Last year, the top three items made up 72.2% of the total purchases for the Region. Total savings realized by WESC was \$6,669,973 for 2013-2014 compared to \$4,082,191 in 2012-2013. For 2013-2014, member units accounted for 31.26% of the total purchases while non-member purchases accounted for 68.74% of total purchases. Last year, members accounted for 36.6% of the total purchases while non-member units accounted for 63.4% of total purchases. For savings, member units represented 25.19% of the 2013-2014 total and non-member participants accounted for 74.81% of total savings. During the 2012-2013 school year, members comprised 27.15% of the total with non-member schools being 72.85% of the total savings. By extending offerings to Other Government Entities during the 2013-2014 school year, WESC produced an additional \$631,039 in savings. Additionally, a new category of Food and Equipment was added and resulted in total sales of \$248,331.

The amount of purchases more than doubled from last year to this year for New Albany-Floyd Co School with a total of \$2,707,225 in 2013-2014 compared to a 2012-2013 total

of \$1,077,089. For 2013-2014, New Albany- Floyd Co. School had savings of \$248,028 compared to the 2012-2013 savings of \$148,787. The savings represented 25.40% of the total member amount compared to last year's figure of 13.4%. West Clark Community Schools had total purchases of \$1,123,514 for 2013-2014 compared to last year's total of \$641,115. Total savings was \$136,243, which is a decrease from last year's amount of \$150,792. Jennings County Schools had total purchases of \$1,107,242 for 2013-2014 compared to \$478,156 in 2012-2013. Total savings for the school corporation was \$181,928 while last year's amount was \$52,150. For 2013-2014, the top three areas for total purchases between all member schools were school buses at \$11,763,430; computer equipment at \$7,907,885 and classroom supplies at \$4,145,483.

For 2013-2014, the top three non-member participants in consolidated purchases were Bartholomew Consolidated Schools at \$1,524,743 with savings of \$81,258; Warsaw Community School with purchases at \$844,109 and savings of \$96,736; and Franklin County Community School Corporation with purchases of \$684,479 and savings of \$186,967. For 2012-2013, the top three non-member participants in consolidated purchases were Avon Community Schools with \$1,260,424 in purchases and \$85,799 in savings; Franklin County Community Schools with \$513,821 in purchases and \$171,423 in savings; and Warsaw Community Schools with \$1,375,517 in purchases and \$253,326 in savings. The top three purchasing areas for non-member participants in 2013-2014 included bus purchases at \$4,965,529; computer equipment at \$3,587,834; and classroom supplies at \$1,421,654. Last year, the top three purchasing areas for non-member participants were computer equipment at \$5,046,382; copy paper at \$628,940 and school buses at \$3,591,021.

The table below summarizes consolidated purchasing activities for all public and private schools in the Wilson Education Service Center Region for both members and non-member participants.

| WESC Consolidated Purchasing Sales | Total purchasing | Art Supplies | Audio Visual | Copy Paper | Carpet Tiles | Classroom Supplies | Computer Equipment | Copiers | Custodial Supplies | First Aid Supplies |
|------------------------------------|------------------|--------------|--------------|------------|--------------|--------------------|--------------------|-----------|--------------------|--------------------|
| ESC2 - Wilson ESC | 34,088,398 | 198,752 | 435,663 | 1,375,042 | 584,677 | 4,145,483 | 7,907,885 | 1,571,524 | 407,424 | 29,038 |

| WESC Consolidated Purchasing Sales | Furniture | Ink Cartridges | Lamps Ballasts | Library Supplies | Office Supplies | School Bus | Software | Life Insurance | Long Term Disability | ISESC Trust | Sports supplies | Food and Equipment |
|------------------------------------|-----------|----------------|----------------|------------------|-----------------|------------|----------|----------------|----------------------|-------------|-----------------|--------------------|
| ESC2 - Wilson ESC | 139,954 | 550,245 | 56,878 | 232,812 | 738,052 | 11,763,430 | 563,864 | 71,814 | 920,467 | 1,456,596 | 690,467 | 248,331 |

Shared Services

Shared service activities represent a combination of member and non-member services in 2013-2014 at 93,397 compared to 102,864 opportunities during the 2012-2013 school year. It represents a value added service reflected through a count. The three largest areas of shared services represented 99.04% of the activity in 2013-2014 with last year's number at 98.5% of the activity. The top three areas included 84,398 E-procurement transactions, 1,487 Professional Growth points issued, and 6,619 school background checks.

The top three participants using shared service opportunities were non-member WESC with 66,872; South Harrison Community Schools at 4,939; and New Albany Floyd County School at 4,782. In the 2012-2013 school year, the top three shared service opportunities were non-member WESC at 80,411, S. Harrison Community School with 2,185, and Sunman Dearborn Community Schools with 2,779. There was not a shared service category that was utilized by all participants. There were a few categories with very little participation by members and non-members that included Web Based Professional Development, Mini-Courses, Consulting Services, Reading Recovery, and SES Training.

The table below provides a shared service summary for WESC for the 2013-2014 school year.

| WESC Shared Services Summary | Total | Learn 360 | CBT Nuggets | Consulting Services | Star lab | On Site Prof. Dev. | Web Based Prof. Dev. | Prof Growth Points | Instructional Kits |
|------------------------------|--------|-----------|-------------|---------------------|----------|--------------------|----------------------|--------------------|--------------------|
| ESC2 - Wilson ESC | 93,397 | 23 | 45 | 2 | 181 | 135 | 5 | 1487 | 75 |

| WESC Shared Services Summary | Destination Imagination | SES Students Trained | Mini-courses | DNS service | Textbook Caravan | AV Copier Repair | Reading Recovery | School background Checks | E-procurement | E Procurement workshops |
|------------------------------|-------------------------|----------------------|--------------|-------------|------------------|------------------|------------------|--------------------------|---------------|-------------------------|
| ESC2 - Wilson ESC | 56 | 70 | 30 | 6 | 26 | 15 | 7 | 6619 | 84398 | 217 |

Explored Services Summary

Wilson Education Service Center had 180 offerings during the 2013-2014 school year compared to 156 offerings during the 2012-2013 school year. Areas explored included Education 20/20, Open Book to Library, Food Bid, AME Group and digedu. Each area represented 20% of the services offered.

Below is the summary of explored services for the 2013-2014 school year for WESC.

| WESC Explored Services Summary | Total | Education 20/20 | OpenBook to library | Food Bid | AME Group | digedu |
|--------------------------------|-------|-----------------|---------------------|----------|-----------|--------|
| ESC2 - Wilson ESC | 180 | 36 | 36 | 36 | 36 | 36 |

OTHER EDUCATION SERVICE CENTERS

Educational service centers (ESCs) are organized in a nine-region structure (see diagram below) that serves the needs of its 351 member school corporations and charter schools as well as associate and non-members by providing core services such as educational planning, project piloting, commodity buying, media and technology services, as well as providing professional development opportunities. ESCs support and facilitate actions by school corporations through a wide range of products and services, which enable members to realize dollar savings through volume discounting. Service centers enable cooperative purchasing, and service sharing activities as well. Identified savings can be translated into additional available dollars for classroom instruction and instructional activities. This structure allows school corporations the opportunity to offer cooperative and shared programs and services that it may not be individually able to provide but can collectively provide through the Education Service Center.

ESCs are funded through membership fees, administrative fees, and develop other self-generated income activities, such as grant writing and entrepreneurial programs. Membership in an ESC is not mandatory, but voluntary, for school corporations, with the average membership fee at \$4.14 per Average Daily Membership (ADM) compared to

the minimum required fee of \$3.00 per ADM. The Indiana General Assembly determines the minimum required fee as part of the biennium budget.



- 1 Southern Indiana ESC
- 2 Wilson Education Center
- 3 West Central Indiana ESC
- 4 East Central ESC
- 5 Wabash Valley ESC
- 6 Northwest Indiana ESC
- 7 Northern Indiana ESC
- 8 Region 8 ESC
- 9 Central Indiana ESC

ESCs actively recruit new membership in order to reduce costs to schools that may be working independently to make purchases or provide services. (See Service Center Membership by Region below) By helping corporations realize economies of scale, the service centers are helping school corporations, charter schools, and private schools become more efficient and effective in their efforts to direct monies to the classroom.

ESCs regularly survey their membership in an effort to identify potential service needs and then use that information to research the feasibility of piloting and/or offering those services to member schools. This report will touch on some of these efforts as both the ESCs and corporations continue to seek ways to save money and provide valuable services and/or programs.

Through cooperative and shared services, ESCs can assist school corporations with offering, supplementing, equalizing, and supporting their initiatives and activities in a school corporation that may not be able to provide supplemental programs and services to its students without these arrangements. Below is a table identifying Service Center membership by region. The other category includes public schools outside the region, private schools, cooperatives, and non-member entities.

| Service Center Membership by Region | | | | |
|--|-----------------|--------------|---|--------------------------|
| <u>School</u> | <u>Charters</u> | | | |
| <u>Corps</u> | | <u>Other</u> | | |
| 36 | 0 | 9 | 1 | Southern Indiana ESC |
| separate | report | filed | 2 | Wilson Education Center |
| 17 | 1 | 3 | 3 | West Central Indiana ESC |
| 43 | 0 | 6 | 4 | East Central ESC |
| 36 | 2 | 5 | 5 | Wabash Valley ESC |
| 22 | 6 | 11 | 6 | Northwest Indiana ESC |
| 35 | 2 | 7 | 7 | Northern Indiana ESC |

| | | | | |
|--|----------|----------|---|---------------------|
| 33 | 1 | 15 | 8 | Region 8 ESC |
| <u>21</u> | <u>0</u> | <u>4</u> | 9 | Central Indiana ESC |
| 243 | 12 | 60 | | Total Membership |
| Table 1 Public School Corporation, Charter School and Other Membership by Region | | | | |

Role of the ESC in Consolidated Purchasing and Shared Services

Educational Service Centers actively assist, support, and facilitate procurement activities for school corporations by removing much of the administrative overhead involved with specifications writing, advertising, bidding, evaluating, and awarding products through the use of ESC cooperative agreements. This service is of particulate value to any school that does not have the resources to perform the work using internal staff. Having this service enables schools of all sizes the opportunity to participate on programs and purchasing arrangements that might have been too expensive in terms of time and money if done so on an individual basis.

Each task in the bidding and procurement process carries significant costs to school corporations in terms of time, staff, and financial resources and this is particularly true for smaller school corporations. When ESC’s services are utilized, the resulting monetary savings can translate directly into increased dollars available for the classroom.

In this year’s survey, it was reported by ESCs that they jointly supported 243 public school corporations, 12 charter schools, 60 other members and non-members with cooperative purchasing practices. Total ESC membership, including Wilson Education Service Center, to date is 351 entities compared to last year’s figure of 332 entities, representing a little more than a four percent decrease. Additionally, ESCs provided supplemental services and programs that directly affected achievement for 618,110 (excludes WESC) students compared to last year’s student count of 695,571 students by providing learning opportunities for students or in-service opportunities for the member educators. If private schools, parochial schools, and other governmental entities participate in cooperative purchasing through the ESCs, the data generated from the school is included in the report.

ESC Consolidated Purchasing Efforts

Education Service Centers have entered into consolidated purchasing arrangements on behalf of multiple school corporations, charter schools, private schools and cooperatives. Participants provided a listing of consolidated purchasing arrangements to include the commodity or item purchased, volume (if known), participating school corporations or charter schools, and estimated savings realized.

Cooperative purchasing sales for the 2013-2014 school year totaled \$145,700,187 in all categories compared to the 2012-2013 school year total of \$151,498,376, which reflects a decrease in sales.

Cooperative purchasing sales was broken into Statewide and Local categories. For the state, the 2013-2014 statewide total was \$56,224,940 for state and \$89,475,248 for local. The 2012-2013 statewide total was \$57,221,175 compared to the local amount of \$94,277,201.

During the 2013-2014 school year, consolidated purchasing sales were:

1. Central IN ESC at \$30,493,851
2. Wabash Valley ESC at \$25,506,645
3. Northwest IN ESC at \$21,596,250
4. West Central ESC at \$21,450,979
5. East Central ESC at \$17,816,257
6. Region 8 at \$11,604,545
7. Northern IN ESC at \$10,505,301

In 2012-2013, the top consolidated purchasing sales were \$42,043,756 in Central IN Education Service Center, \$25,139,845 in Wabash Valley ESC, and \$18,739,773 in Northwest IN ESC. The majority of all purchases came from Central IN ESC representing 20.9% of the total purchases of the represented Education Service Centers.

Estimated savings for 2013-2014 was \$14,570,018.72 which amounted to \$23.57 per student compared to the 2012-2013 savings of \$15,149,838, which amounted to \$21.78 per student. The return on investment was 570%, which was calculated by dividing estimated savings by the membership fee. The top five areas of consolidated purchasing sales were:

1. Bus purchases at \$43,835,684
2. Health insurance at \$36,265,946
3. Food service at \$28,106,104
4. Dairy at \$9,996,428
5. Copy paper at \$2,715,521

Last year, the top five consolidated purchasing areas were school bus purchases at \$42,862,409, food service at \$34,449,713, health insurance at \$33,071,667, dairy at \$12,879,296 and information technology at \$4,529,796.

Other areas of collaboration for the 2013-2014 school year included information technology, classroom supplies, ESCRFT insurance, natural gas, bakery, liability and worker's compensation, bulk fuel, commodity food, Microsoft software and food service supplies. Other areas totaling less than one million also resulted in sales.

For 2012-2013, participating ESCs reported purchases in the areas of art, audio visual, copy paper, food service, liability and workers compensation, school bus, and office. Some areas noting fewer purchasing activities included administrative software, roofing, books, food service supplies, and tech recycling. No activity was reported in administrative software, Achieve 3000, Apple Computer, Classroom Resources, and classroom paper.

Total consolidated purchasing sales per student ranged from \$767.15 at West Central IN ESC to a low of \$127.76 at Region 8 ESC.

The top three purchasing sales for each area were:

- Southern IN ESC
 - School bus purchases at \$1,607,740
 - Dairy at \$951,875
 - Commodity Food at \$734,309
- West Central IN ESC
 - Health insurance at \$13,943,511
 - School bus purchases at \$5,054,658
 - Food service at \$1,053,889
- East Central IN ESC
 - Health insurance at \$10,542,017
 - School bus purchases at \$4,302,863
 - Food service at \$1,682,026
- Wabash Valley ESC
 - Health insurance at \$11,780,418
 - School bus purchases at \$8,977,182
 - Food service at \$961,553
- Northwest IN ESC
 - Food service at \$8,402,522
 - Dairy at \$1,453,338
 - School bus purchases \$4,955,794
- Northern IN ESC
 - School bus purchases at \$4,364,487
 - Dairy at \$1,810,154
 - Food service at \$1,300,410
- Region 8 ESC
 - School bus purchases at \$3,657,411
 - Food service at \$3,502,276
 - Dairy at \$2,695,319
- Central IN ESC
 - School bus purchases at \$10,915,519
 - Food service at \$10,672,909
 - Dairy at \$2,629,865
- Wilson (separate submission)

Cooperative Purchasing Revenue

Total cooperative purchasing revenue for all ESCs included in the report for 2013-2014 was \$581,663 with statewide cooperative revenue of \$111,542 and local revenue of \$470,121. Statewide total revenue was 19.18% of the total with local revenue at 80.82% of the total. This compares to total cooperative purchasing revenue in 2012-2013 of \$668,129 with statewide cooperative revenue of \$230,827 and local revenue of \$437,302. Statewide cooperative revenue was 34.5% and local revenue was 65.5% of the total.

Education Service Center Revenue per student was \$0.94 compared to \$0.92 last year. The top five revenue sources, representing 70.83% of the total, are:

- Food Service \$191,736
- Dairy \$ 98,700
- Health insurance \$ 69,718
- Classroom supplies \$ 27,089
- Copy paper \$ 24,753

Additional revenue sources included commodity food, bakery, warning signs-indoor, information technology, natural gas, board documents, school bus purchases, and several others.

Revenue totals by service corporation are Southern IN ESC- \$31,611, West Central IN ESC- \$83,472, East Central ESC- \$33,527, Wabash Valley ESC- \$29,781, Northwest IN ESC- \$141,943, Northern IN ESC- \$91,455, Region 8 ESC- \$119,442, and Central IN ESC- \$50,432. Wilson ESC filed a separate report.

ESC Shared Services Efforts

Education Service Centers provided a listing of shared services arrangements among school corporations or charter schools, including the kind of the shared service, the school corporations involved, and an estimate of savings realized from this arrangement.

During 2013-2014, there were 53 shared service opportunities compared to 52 offered during the 2012-2013 school year. Shared services are difficult to quantify, but information indicates school administrators consider this the greatest value of being a service center member. Because shared service encompasses both activities and opportunities, providing a dollar amount associated with the opportunities is not practical. The top five areas of shared services were:

- Substitute Teacher: absences at 75,744
- Learn 360 Streams with 65,723 items streamed
- Professional Growth Points (PGP) with points earned at 41,912
- Student programs with 33,989 students participating in student leadership training
- Starlab at 26,128, which represents the number of days used by corporations

Shared service totals were:

- Wabash Valley ESC at 33,218
- Northwest IN ESC at 90,098
- Northern IN ESC at 23,568
- East Central ESC at 18,055
- Region 8 ESC at 21,972
- Southern IN ESC at 10,575
- West Central IN ESC at 27,456
- Central Indiana ESC at 125,670

Other shared service opportunities included Britannica-students served, Indiana Online Academy, Electronic newsletters, PGP points not listed, Professional Development Attendees, E-Procurement Orders, Challenger: Students, Instructional Resource Kits, Drives Education, Professional meeting attendees, Substitute Teachers Systems, Warning Signs and others.

ESC Explored Service Efforts

The Explored Services area represents a group of unlike activities and opportunities that are driven by members. An Explored Service is an activity or service that the Educational Service Center explores the value of for members either to purchase or share. If interest is expressed or a potential benefit exists, the Educational Service Centers will offer the activity or opportunity as a shared service or consolidated purchase in the following year, or, in this case 2015.

Of the eight service centers, included in the report, four reported explored cooperative purchasing, shared management services, or consolidations on behalf of school corporations and four did not report explored services. Wabash Valley ESC explored service totaling 90, East Central at 922, Northern IN ESC at 23, and Region 8 at 138. The overall total was 1,173 for the 2013-2014 school year compared to 777 during the 2012-2013 school year.

The explored services category offered numerous opportunities to participants. Below is a list of activities pertaining to cooperative purchasing, shared management services, or consolidations to include the nature of the activity and the Education Service Center involved.

| Opportunities | Explored Services | Participating ESC |
|----------------------|----------------------------|--------------------------|
| 36 | 3rd Party Food Svc. Bid | East Central ESC |
| 47 | Common Core Math Mail | East Central ESC |
| 6 | Alternative Schools | East Central ESC |
| 15 | Wellness Clinics | East Central ESC |
| 11 | Design Build | Northern IN ESC |
| 0 | Bonds for Building | none |
| 47 | Online School Safety PD | East Central ESC |
| 47 | Background Checks | East Central ESC |
| 0 | New Tech in Copying | none |
| 47 | Exp Criminal History Check | East Central ESC |
| 56 | New Roofing Tech | East Central ESC |
| 0 | Updating WiFi | none |
| 47 | Teacher Evaluation Tech | East Central ESC |
| 47 | Tech Fair | East Central ESC |
| 0 | Strategic Planning | none |
| 1 | School Board Retreat | East Central ESC |

| | | |
|----|----------------------------|--------------------------------------|
| 47 | Prof. Dev. Library | East Central ESC |
| 2 | Community Engagement | East Central ESC |
| 1 | Consolidation Studies | East Central ESC |
| 47 | PR Marketing | East Central ESC |
| 28 | Natural Gas | East Central ESC |
| 47 | Offsite Backup | East Central ESC |
| 0 | Online Drivers Ed | none |
| 0 | Outsourced Custodial | none |
| 47 | Risk Management | East Central ESC; Northern IN ESC |
| 0 | RUS Grant | none |
| 48 | Staff Application Services | East Central ESC |
| 34 | Stream: Learn 360 | East Central ESC |
| 47 | Tech Recycling | East Central ESC |
| 47 | Video Conf Meetings | East Central ESC |
| 0 | Video Conf Shared Classes | none |
| 47 | Video Conf Training | East Central ESC |
| 3 | Wind Farm | East Central ESC |
| 3 | Shared Instr Tech Coach | Wabash Valley ESC |
| 47 | Video Media Services | East Central ESC |
| 42 | Migrant Worker Grant | Wabash Valley ESC |
| 47 | energy management | East Central ESC |
| 2 | substitute teacher service | Wabash Valley ESC |
| 42 | secretarial support svc | Wabash Valley ESC |
| 46 | tech device ins. | Region 8 ESC |
| 46 | suppl. Benefits | Region 8 ESC |
| 46 | communication software | Region 8 ESC |

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Conclusion

Each year, consolidated purchasing and shared service arrangements provide participating entities with choices that might not be available if the entity was evaluating options on its' own.

